

Key Data Releases

Employees' Provident Fund Organization/Employees' State Insurance Corporation

- Formal job creation surged in 2021-22 on the back of faster economic recovery post Covid. Payroll data for the last fiscal shows 58.7% increase in net new employment under the Employees' Provident Fund Organization in 2021-22, 29.6% surge in new subscribers under the Employees' State Insurance Corporation and 23.4% increase in the number of subscribers under the National Pension Scheme.
- While the number of net new subscribers under EPFO surpassed all records and stood at 12.2 million compared to 7.7 million new subscribers added in 2020-21, net addition under ESIC stood at 14.9 million as against 11.5 million in the preceding year while the new subscribers under NPS were higher at 0.77 million compared to 0.62 million in 2020-21.

Foreign Exchange Reserves

- India's foreign exchange reserves increased by USD 4.2 billion to USD 597.5 billion during the week ended 27 May 2022.
- Forex reserves have witnessed an increase for the first time since 4 March 2022, registering a week-on-week increase of 0.7 percent.

Key Sectoral Insights

Dairy

Crisil: India's organized dairy sector is likely to achieve 11-12 per cent revenue growth this financial year, the second straight year of double-digit growth, mainly driven by healthy demand for value-added products (VAP). Revenue growth of the organized dairy sector this financial year will be a notch below the last fiscal's 13 per cent growth, which will be driven by a healthy demand for VAP (28 per cent of overall sales), even as sales of liquid milk stays steady and the full-year benefit of retail price hikes implemented last fiscal is realised. Within VAP, strong recovery is expected in the demand for ice cream, curd and flavoured milk, the report stated. However, operating profitability would moderate to 5 per cent this fiscal, because of a rise in procurement prices as well as transportation and packaging costs.

Renewable energy

Mercom India: During Q1 2022, 2.7 GW of large-scale solar was installed, registering a quarter-over-quarter (q-o-q) increase of 23 per cent and a 53 per cent rise on a year-on-year basis. Large-scale solar accounted for 85 per cent of the installations, and rooftop accounted for the remaining 15 per cent during the reporting period.

Engineering

Deloitte & Nasscom: Over 70 per cent of the companies that have their global capability centres (GCC) and engineering services provider arms in India are planning to increase their budget in the range of 10-25 per cent this year, according to a joint survey by Deloitte and industry body Nasscom. ER&D (Engineering R&D) spend in India GCCs within 'automotive and transportation' and 'industrial' sectors is expected to grow the most and predicted to be in the range of 10-25 per cent, the survey report said.

Real Estate

Knight Frank: The real estate sector in India received \$1,180 million in Q1 2022, recording a growth of 98% quarter on quarter (QoQ) over Q4 2021, which had received PE investments of \$597 mn. In the 2021 calendar year the total private equity investment (equity + debt) was recorded at \$6,199 million, recording a rise of 57% YoY over 2020, according to Knight Frank India. Since 2011 the real estate sector received cumulative PE investments of over \$50 billion (50,809 million). Office remained the favoured asset class attracting \$2,882 mn in CY 2021 while in Q1 2022 the sector attracted \$732 mn.

Telecom

ICRA: ICRA said that the Indian data centres industry's capacity is expected to see a five-fold increase as it is expected to add overall 3,900-4,100 MW of capacity, with investment of Rs.1.05-1.20 trillion in the next five years. Indian corporates like the Hiranandani Group, Adani Group; foreign investors including Amazon, EdgeConnex, Microsoft, CapitaLand, Mantra Group have started investing in Indian data centres in order to cater to the increasing demand. Even the existing players such as NTT, CtrIS, Nxtra, STT India are expanding their capacities. The Indian data centre market is witnessing healthy growth primarily driven by large hyper-scalers like Amazon web services, Google, Microsoft, Facebook, IBM, Uber, Dropbox that are outsourcing their storage needs to third party DC providers.

Mobility

Nomura: Rising fuel costs and prohibitively expensive electric vehicles are making compressed natural gas (CNG) "a welcome relief and alternate fuel" for mobility for Indian consumers, according to a report by NRI (Nomura Research Institute) Consulting & Solutions. CNG vehicle sales continued to grow in FY22, rising by 55 per cent to 2,65,383 units in FY22 compared to 1,71,288 units in FY21, as per NRI's report titled 'Path to clean mobility: Increasing penetration of NGVs in India'. With increased differential TCO (total cost of ownership) benefits compared to other fuels, CNG is gaining more prominence among consumer preference post-BS-VI. The technology is now well established in India with major OEMs concentrating to bring in a range of cost-efficient and fuel-efficient CNG variants.

Upsides

Downsides

▪ Manufacturing sector investments grew 20% in 2019-20 over the previous fiscal even as the rent payout, interest paid and profits fell. As per the provisional Annual Survey of Industries (ASI) released by the Ministry of Statistics and Programme Implementation for FY20, gross fixed capital formation (GFCF), was Rs 4.15 lakh crore compared to Rs 3.44 lakh crore in FY19. There was a 1.7% increase in the number of factories in the country. Employment in the corporate sector, which includes public and private government and non-government companies, increased 5.5% to 97.03 lakh in 2019-20.

▪ India's merchandise exports rose year-on-year by 21.1 per cent to USD 23.7 billion during 1-21 May 2022. The key sectors that recorded healthy growth in exports include petroleum products, engineering goods and electronic goods. During the period under review, petroleum products, engineering and electronic goods' exports grew by 81.1 per cent, about 17 per cent and about 44 per cent, respectively.

▪ Finished steel production in April 2022 was higher by 0.1 million tonnes compared to the production recorded in the corresponding year-ago month. This represented a 1.2 per cent growth in output to 9.4 million tonnes. Consumption of finished steel also grew year-on-year by 1.2 per cent to a little below 9.1 million tonnes in April 2022.

▪ Business travel, which had taken a backseat due to successive waves of Covid-19 pandemic, is now on an upswing. Online travel companies too have registered strong growth in the segment with easing of pandemic restrictions and opening of offices. Domestic air traffic has been witnessing a m-o-m growth which till now was largely fueled by leisure and visiting family and relatives segment (VFR). Between January-April, domestic airlines flew 35.6 million, a growth of 22.6 per cent over the same period last year.

▪ Exports of paper and paperboard from India jumped nearly 80 per cent in FY 2021-22, touching a record Rs 13,963 crore, according to industry body IPMA. In value terms, exports of coated paper and paperboard increased by 100 per cent, uncoated writing and printing paper by 98 per cent, tissue paper by 75 per cent and kraft paper by 37 per cent.

▪ Many of India's prominent real estate developers recorded their best ever annual sales in fiscal 2021-22 amid strong demand for houses after the first two Covid-19 waves. Buyers and investors continued to invest in residential real estate, as per the annual sales data from listed and major developers like Macrotech (Lodha), DLF, M3M, Sobha, Godrej Properties, Brigade and Mahindra Lifespace Developers , despite the second and third Covid-19 waves.

▪ Coal production jumped by over 36 per cent to 34 million tonnes in the first half of May 2022 as compared to a year ago. The dispatches increased 15.9 per cent to 37.2 MT in the first half of the current month. The Ministry of Coal has undertaken all steps to further boost coal output and dispatches.

▪ Companies that make mobile phones, televisions and refrigerators have started cutting production targets till July by 10% on slowing demand due to repeated price increases, multiple industry executives said. Almost all mobile phone makers have altered their production plans, while consumer electronic companies are currently finalizing plans depending on their inventory level, they said.

▪ As many as 425 infrastructure projects, each entailing an investment of Rs 150 crore or more, have been hit by cost overruns of more than Rs 4.83 lakh crore. According to the Ministry of Statistics and Programme Implementation, out of 1,579 projects, 425 projects reported cost overruns and as many as 664 projects were delayed.

▪ India was ranked at the 54th place in a global travel and tourism development index, down from 46th in 2019, though it still remained on the top within South Asia. Japan has topped the global charts, followed by the US, Spain, France, Germany, Switzerland, Australia, UK, Singapore and Italy in the top ten. The World Economic Forum's biennial travel and tourism study also showed a recovering sector following pandemic lows, though the recovery has been uneven and challenges remain.

▪ India's crude oil production fell 1 per cent in April after lower output from fields operated by the private sector wiped away gains by state-owned firms such as ONGC, official data showed. India produced 2.4 million tonnes of crude oil in April, down from 2.5 million tonnes in the same month last year, according to data released by the Ministry of Petroleum and Natural Gas.

Key Policy Announcements/ Notifications

Govt relaxes norms for ministries in bid to push public expenditure

<https://dea.gov.in/sites/default/files/CMG%20dt%2025May2022.pdf>

RBI reduces minimum network norm for non-bank Bharat Bill Payment Operating Units

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12325&Mode=0>

Import of Paper brought under Compulsory Registration from 1st October

<https://pib.gov.in/PressReleseDetailm.aspx?PRID=1828551>

RBI issues norms for import of gold by qualified jewellers

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12324&Mode=0>

Sebi lays down operating norms for debt index funds and ETFs

<https://economictimes.indiatimes.com/mf/mf-news/sebi-lays-down-operating-norms-for-debt-index-funds-and-etfs/articleshow/91748584.cms>

Sebi modifies Cyber Security and Cyber resilience framework of Qualified Registrars to an Issue and Share Transfer Agents (“QRTAs”)

<https://www.sebi.gov.in/legal/circulars/may-2022/modification-in-cyber-security-and-cyber-resilience-framework-of-qualified-registrars-to-an-issue-and-share-transfer-agents-qrtas-59283.html>

Reports

Annual Report 2021-22, May 2022, Reserve Bank of India

The Report, submitted by the Central Board of Directors, covers the working and functions of the Reserve Bank of India for the period April 2021 - March 2022. Part I contains a review of the Indian economy, its assessments and prospects, while Part II elaborates on the working and operations of the Reserve Bank.

<https://www.rbi.org.in/Scripts/AnnualReportPublications.aspx?year=2022>

Forthcoming Data Releases

Foreign Exchange Reserves, Reserve Bank of India, June 3, 2022

Consumer Price Index (IW), Labour Bureau, May 31, 2022

Gross Domestic Product, MoSPI, May 31, 2022

Eight Core Index, Ministry of Commerce and Industry, May 31, 2022

Public Finance, Ministry of Finance, May 31, 2022

Purchasing Managers' Index, IHS Markit, June 3, 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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