

Key Data Releases

Gross Domestic Product

- On a year-on-year basis, GDP growth in Q4 2021-22 was 4.1 percent, compared to 5.4 percent in Q3 2021-22.
- GVA growth was recorded at 3.9 percent (year-on-year) in Q4 2021-22, compared with 4.7 percent in Q3 2021-22.
- The manufacturing industry contracted by 0.2 percent, while the construction sector growth picked up from -2.8 percent in the third quarter to 2.0 percent in the fourth quarter of FY22.
- The most pronounced reduction was witnessed in the services sector, where y-o-y growth declined to 5.5 percent in Q4 FY22 from 8.1 percent in Q3 of the same fiscal.

Eight Core Index

- The index of eight core industries rose by 8.4 per cent on a year-on-year basis in April 2022. The growth was higher than the 4.9 per cent growth registered in the preceding month. Six of the eight core industries reported a rise in production, while two reported a fall. Electricity generation rose by 10.7 per cent and output of coal, which is a key input for thermal power generation, grew by a robust 28.8 per cent. Among other energy sources, output of crude oil fell by 0.9 per cent, but that of natural gas and refinery products rose by 6.4 per cent and 9.2 per cent, respectively.

PMI-Manufacturing

- The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) remained almost unchanged at 54.6 in May 2022 from its April 2022 reading of 54.7.
- In May 2022, new orders and production increased at the same pace as that in April 2022. Export orders witnessed an uptick in May 2022.

PMI-Services

- The seasonally adjusted S&P Global India Services PMI jumped to 58.9 in May 2022 from 57.9 in April 2022.
- The improvement was a result of substantial pick-up in new business growth as demand continued to recover following the reopening of economy after COVID-19 lockdowns.

Consumer Price Index – Industrial Workers

- Retail inflation for industrial workers increased to 6.3 per cent in April 2022 from 5.4 per cent in March this year.
- The increase was mainly attributable to a sharp rise in the prices of food & beverages and fuel & light.
- Inflation in the food & beverages group increased to 7.1 per cent in April 2022 from 6.3 per cent in March 2022, while that in the fuel & light group jumped to 10.9 per cent from 7.6 per cent.

Foreign Trade

- According to preliminary data by Ministry of Commerce & Industry, India's merchandise exports rose year-on-year by 15.5 per cent to USD 37.3 billion in May 2022, a lower figure than the previous month. POL exports rose by 52.7 per cent to USD 8.1 billion, and non-POL exports rose by 8.1 per cent to USD 29.2 billion in May 2022.
- At USD 60.6 billion in May 2022, India's merchandise imports were 56.1 per cent higher than the year-ago level. POL imports rose by 91.6 per cent to USD 18.1 billion and non-POL imports rose by 44.7 per cent to USD 42.5 billion in May 2022. Merchandise trade deficit widened to USD 23.3 billion in May 2022 from USD 20.1 billion in April 2022.
- India's net earnings from trade in services rose y-o-y by 1.3 per cent to USD 8.5 billion in April 2022, as compared to an 18 per cent growth registered in the year-ago month. Receipts from services exports rose by 25.1 per cent to USD 22.6 billion, and payments for services imports rose by 46.1 per cent to USD 14.1 billion in April 2022.

Foreign Exchange Reserves

- India's foreign exchange reserves increased by USD 3.8 billion to USD 601.4 billion during the week ended 27 May 2022.

Key Sectoral Insights

Banking

BCG-PhonePe: According to a report jointly released by Boston Consulting Group (BCG) and PhonePe, 65 per cent of all transactions, or two of every three transactions, in terms of value, are expected to be digital by 2026. India's digital payments market is at an "inflection point" and is expected to more than triple to \$10 trillion by 2026 from the current level of \$3 trillion. This growth would be driven by increase in merchant payments, it added, as more and more merchants shift to QR (quick response) based payments in offline sales. The findings of the report exclude B2B (business-to-business) and G2B (government-to-business) transactions. India's digital payments landscape has transformed dramatically over the past five years on account of rapid expansion in digital infrastructure, UPI-led migration to digital, pandemic-led acceleration of shift in customer preferences, growing merchant acceptance network and disruptive innovations by fintechs.

NBFCs

Care Ratings: Bank credit to NBFCs grew in double digit in FY22 with outstanding bank credit to them rising by 10.4 per cent to Rs 10.5 lakh crore on the back of improvement in overall economic activities and banks' renewed focus on the NBFC sector following improvement in their balance sheets. In absolute terms, according to an analysis by Care Ratings, bank credit to non-banking financial companies (NBFCs) expanded by Rs 99,000 crore in FY22, from FY21. Meanwhile, mutual funds' debt exposure through commercial papers (CPs) and corporate bonds, to NBFCs rose 14.3 per cent to Rs 1.7 lakh crore in FY22 as NBFCs issued more CPs to fund IPOs and as they shifted from long-term to short-term investments on expectation of hike in interest rates.

Upsides

- India recorded its highest-ever textiles and apparel exports in the financial year 2021-22 at USD 44.4 billion. The exports tally, which also includes handicrafts, indicates a substantial increase of 41 per cent and 26 per cent over corresponding figures in FY21 and FY20, respectively. USA was the top export destination for the country's textiles and apparel shipments accounting for 27 per cent share, followed by the European Union (18 per cent), Bangladesh (12 per cent) and UAE (6 per cent).
- Reflecting its growing popularity and adoption, the value of transactions on the Unified Payments Interface (UPI) crossed a new milestone of ₹10-lakh crore in May 2022. As many as 595 crore transactions worth ₹10.41-lakh crore were processed on the UPI platform in May this year from 558 crore payments of ₹9.83-lakh crore in April 2022, according to data released by the National Payments Corporation of India.
- Record green energy output reduced Indian dependence on coal in May, despite 23.5% growth in power demand, contributing to a rise in utilities' coal inventories. The share of renewable energy sources in power output rose to 14.1% in May from 10.2% in April. Coal made room for it, dropping to 72.4% of Indian generation from 76.8%. Coal's share was still higher than its 70.9% of May 2021, however.
- Banks' non-food credit grew at 11.3 per cent in April 2022 as compared to 4.7 per cent a year ago, according to RBI data. Loans to agriculture and allied activities continued to grow at 10.6 per cent in April as against a rise of 10.7 per cent in the year-ago month, according to the RBI's Sectoral Deployment of Bank Credit - April 2022. Growth in advances to industry stood at 8.1 per cent in the month from a contraction of 0.4 per cent in April 2021. Size-wise, credit to medium industries registered a growth of 53.5 per cent in April 2022 as against 44.8 per cent last year. Credit to micro and small industries rose 29 per cent from 8.7 per cent, while credit to large industries recorded a growth of 1.6 per cent against a contraction of 3.6 per cent in April 2021, the data showed.
- Aggregate net sales and net profits of auto companies rose 12 per cent and 15 per cent, respectively, year-on-year in the quarter-ended March even as the chip shortage, a steep increase in raw material prices, and the demand slowdown facing a few segments have crimped margins. Nonetheless, automakers expect margins to remain under pressure because of the chip shortage.
- The India Meteorological Department (IMD) has revised the forecast for the 2022 southwest monsoon season upwards to 103 per cent of the long period average (LPA). In April 2022, the agency had predicted rainfall to be 99 per cent of the LPA.

Downsides

- Consumer sentiments fell sharply in the last week of May, more so in rural India than urban, on the back of export ban on wheat and sugar and higher inflation, the Centre for Monitoring Indian Economy said. According to the CMIE data, the index of consumer sentiments (ICS) tanked by 9.4% in the week ended May 29. While the ICS fell by 5.9% in urban regions, the fall was much steeper by 11.4% in rural regions.
- The government's wheat procurement in the current year fell by more than 54% on year to 18.65 million tonne (mt). With an arrival of only around 81,000 tonne of wheat in mandis (until May 31, 2022) mostly in Uttar Pradesh and Madhya Pradesh, purchase of the grain by the Food Corporation of India (FCI) and other agencies at the Minimum Support Price may not touch 19 mt against 43.34 mt purchased last year during rabi marketing season (April-June).
- India's consumption of diesel, or high-speed diesel (HSD), declined by 7 per cent on a month-on-month (m-o-m) basis to 7.2 million tonnes (mt) in April, largely as high prices of the key transport fuel impacted demand. The consumption of liquefied petroleum gas (LPG), or cooking gas, too declined 12 per cent during the month to 2.2 mt, which analysts attribute to the price increase.
- Resources raised by India Inc via external commercial borrowings (ECBs) dwindled sharply to \$361.6 million in April 2022 with interest rates in advanced economies going up. Indian corporates had raised \$2.368 billion in April 2021 and \$5.029 billion in March 2022 via the ECB route due to relatively lower global interest rates.
- Area sown under kharif crops was reported at 5.9 million hectares as of 3 June 2022, according to the data released by the Department of Agriculture & Farmers' Welfare. This is 17.8 per cent lower than the area covered during the corresponding period last year. Acreage under rice decreased by 5.9 per cent to 0.2 million hectares and that under coarse cereals also decreased by 6.7 per cent to 0.2 million hectares.
- Goods and services tax (GST) collections slipped below the Rs 1.5 trillion mark in May. India saw gross GST collections of Rs 1.41 trillion during the month. However, the collections in May are 44 per cent higher than the same month in 2021. In April, GST collections had touched a record high of Rs 1.68 trillion, surpassing the Rs 1.5-trillion mark for the first time.
- Steel prices have crashed to ₹64,000-65,000 a tonne from ₹71,000 last month on expectation of a supply glut on levy of 15 per cent export duty. Prices were hovering at ₹76,000 a tonne in April. Markets expect steel prices to touch ₹60,000 a tonne next month and drop to ₹55,000 in August but may not touch ₹ 40,000-45,000-level seen during the peak Covid pandemic times.

Key Policy Announcements/ Notifications

IRDAI eases approval norms for health, general insurance products

<https://www.irdai.gov.in/admincms/cms/whatsNew/Layout.aspx?page=PageNo4723&flag=1>

Cabinet approves expanding the mandate of Government e Marketplace - Special Purpose Vehicle (GeM - SPV) to allow procurement by Cooperatives as Buyers

<https://pib.gov.in/PressReleaselframePage.aspx?PRID=1830120>

Sebi issues SOP for dispute resolution under stock exchange arbitration mechanism

https://www.sebi.gov.in/legal/circulars/may-2022/standard-operating-procedures-sop-for-dispute-resolution-under-the-stock-exchange-arbitration-mechanism-for-disputes-between-a-listed-company-and-or-registrars-to-an-issue-and-share-transfer-agents-_59345.html

IRDAI eases capital requirement under PMJJBY

<https://www.irdai.gov.in/admincms/cms/whatsNew/Layout.aspx?page=PageNo4726&flag=1>

Sebi modifies Cyber Security and Cyber resilience framework of KYC Registration Agencies(KRAs)

<https://www.sebi.gov.in/legal/circulars/may-2022/modification-in-cyber-security-and-cyber-resilience-framework-of-kyc-registration-agencies-kras-59318.html>

Reports

FICCI-PwC: Redefining agriculture through artificial intelligence: Predicting the unpredictable, May 2022

According to the report, though agriculture in India is at a transitory juncture, with a focus on integration of technologies for better operations, the sector faces several challenges across the value chain. The report says that these challenges require disruptive interferences which can be provided by technological solutions. The entire system needs to adapt to a holistic approach which can be built upon indigenous and traditional farming knowledge integrated with transformative smart farming practices, including adoption of Artificial Intelligence (AI) tools and techniques.

<https://www.pwc.in/assets/pdfs/grid/agriculture/redefining-agriculture-through-artificial-intelligence.pdf>

Forthcoming Data Releases

Monetary Policy, Reserve Bank of India, June 8, 2022

Index of Industrial Production, June 10, 2022

FDI/FII, June 10, 2022*

Forex Reserves, Reserve Bank of India, June 10, 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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