

**Key Data Releases**

**Consumer Price Index**

- The Consumer Price Index based inflation rate moderated to 7.0 percent in May 2022, vis-à-vis 7.8 percent inflation registered in April 2022.
- Inflation for the food and beverages segment declined to 7.8 percent in May 2022 as compared to 8.1 percent in April 2022. Inflation in the clothing and footwear segment declined to 8.9 percent in May 2022 as compared to 9.9 percent in April 2022 while inflation in the fuel and light segment declined to 9.5 percent in May 2022 vis-a-vis 10.7 percent noted in April 2022. The housing sub-segment registered a slight increase in inflation, reaching a y-o-y growth of 3.7 percent in May 2022, vis-à-vis 3.5 percent in April 2022.

**Wholesale price Index**

- Wholesale price-based inflation rose to a record high of 15.9 per cent in May 2022 on rising prices of food items and crude oil. WPI-based inflation was 15.1 per cent in April 2021 and 13.1 per cent in May 2021.
- Inflation in food articles in May was 12.3 per cent, with the rate of price rise in vegetables at 56.4 per cent, wheat at 10.6 per cent and that in egg, meat and fish, at 7.9 per cent. In the fuel and power basket, inflation was 40.6 per cent, while in manufactured products and oil seeds, it was 10.1 per cent and 7.1 per cent, respectively.

**Foreign Trade**

- India's merchandise exports declined marginally and stood at USD 38.9 billion in May 2022, as compared to USD 39.8 billion registered in April 2022. The y-o-y growth in exports in May 2022 was also lower at 20.6 percent, vis-à-vis 29.4 percent in April 2022. The top five items that drove India's exports in the month of May 2022 include petroleum products, coffee, leather & leather products, and electronic goods.
- Total merchandise imports for the month of May 2022 amounted to USD 63.2 billion, 62.8 percent higher y-o-y from USD 38.8 billion in May 2021. Crude oil imports witnessed a y-o-y growth of 102.7 percent, whereas non-crude imports grew by approximately 50 percent in May 2022. Among the other import drivers were Coal, Coke & Briquettes, Petroleum, Crude & products, and Cotton Raw & Waste.
- India's services exports witnessed an estimated growth of 30.3 percent y-o-y in May 2022, while imports increased by 45 percent y-o-y in the same month, vis-à-vis a y-o-y growth of 6.5 percent and 0.1 percent in May 2021.

**Foreign Exchange Reserves**

- India's foreign exchange reserves fell by USD 4.5 billion to USD 596.5 billion during the week ended 10 June 2022.

**Key Sectoral Insights**

**Banking & Finance**

**ICRA:** Non-banking financial companies (NBFCs) and housing finance firms witnessed an improvement in their asset quality in the fourth quarter of FY22, helped by minimal impact of Omicron variant of COVID-19 and lower slippages from restructured book, according to Icri Ratings. The gross stage 3 assets (loans overdue for more than 90 days) for NBFCs reduced to 4.4 per cent in March 2022 from 5.7 per cent in December 2021. HFCs' (Housing Finance Companies) gross stage 3 assets moderated and stood at 3.3 per cent vis-a-vis 3.6 per cent in December 2021.

**Retail**

**Retailers Association of India:** The retail businesses across India witnessed a growth of 24 per cent in May this year against the pre-pandemic level of the same month in 2019, according to industry body RAI. As per the latest 'Retail Business Survey' by the Retailers Association of India (RAI), sales in western India grew by 30 per cent, while eastern India showed a growth of 29 per cent compared to the pre-pandemic sales level in May 2019. Similarly, southern India posted a rise of 22 per cent and northern India grew 16 per cent, it added. RAI said sales across categories continue to indicate steady growth. With outdoor activities picking up, categories such as quick-service restaurants (41 per cent) and footwear (30 per cent) are indicating rapid growth, and segments like beauty and wellness (9 per cent) have also started to show positive growth. Consumer durables and electronics sales grew 15 per cent in May compared to the same month in 2019, while apparel and clothing also witnessed a growth of 24 per cent, according to the RAI survey. The food and grocery category clocked 23 per cent growth, and sports goods rose by 24 per cent, it added.

**Upsides**

- India's petrol consumption jumped by 54 per cent and that of diesel soared by 48 per cent in the first fortnight of June from a year earlier with continuing demand recovery from a relatively low base in 2021. Petrol sales by state-owned fuel retailers, which control roughly 90 per cent of the market, at 1.28 million tonnes between June 1 and 14 was 54.2 per cent higher than the same period last year.

**Downsides**

- Area sown under kharif crops was reported at nearly 10 million hectares as of 17 June 2022. This is eight per cent lower than the area covered during the corresponding period last year. Acreage under rice decreased by 30.3 per cent to 0.9 million hectares and that under coarse cereals also decreased by 30.1 per cent to 0.7 million hectares. Area sown under pulses was down y-o-y by 7.4 per cent at 0.4 million hectares. Oilseeds were sown on 0.5 million hectares, 17.9 per cent lower than a year ago. Area sown under cotton decreased by six per cent to 1.9 million hectares, but that under sugarcane increased by 1.9 per cent to 4.9 million hectares as of 17 June 2022.

## Upsides

- The first instalment of advance tax collection for both corporate and personal income tax has recorded impressive gains. While growth in corporate tax was around 46 per, personal income tax gains surged over 52 per cent. The collection through corporate tax was around ₹26,800 crore, while personal income tax totaled up to around ₹15,800 crore.
- India has witnessed the sharpest rise among the Asian economies, with a six-position jump from 43rd to 37th rank on the annual World Competitiveness Index compiled by the Institute for Management Development, largely due to gains in economic performance. Denmark has moved to the top of the 63-nation list from the third position last year, while Switzerland slipped from the top ranking to the second position and Singapore regained the third spot from fifth.
- The gross loan portfolio (GLP) of the microfinance sector in India rose by 10 per cent to Rs 2.85 trillion as on March 31, 2022 from Rs 2.59 trillion a year ago. Sequentially, the GLP rose by a little more than 11 per cent, from Rs 2.56 trillion on December 31, 2021, according to data by Microfinance Institutions Network (MFIN).
- The country's mineral production rose by 7.8 per cent in April 2022 over the same month a year ago. The index of mineral production of mining and quarrying sector for the month stood at 116, which was 7.8 per cent higher as compared to the level in April last year. As per the provisional figures of the Indian Bureau of Mines (IBM), production level of important minerals in April includes coal at 665 lakh tonnes, lignite 40 lakh tonnes, natural gas (utilised) 2,748 million cubic metre, petroleum (crude) 25 lakh tonnes and bauxite 2,054 thousand tonnes.
- MSME credit demand from non-metro cities in March 2022 was back to pre-Covid levels vis-a-vis the marginal lag recorded in metro cities, according to a study launched by digital MSME lender NeoGrowth. In terms of segments, non-discretionary demand-oriented businesses such as petrol pumps, infrastructure, and auto had recovered faster than consumer-facing and discretionary demand-oriented businesses.
- India witnessed net foreign investment inflows of USD 870 million in April 2022, as against net outflows of USD 2.5 million in the preceding month. Net inflows of foreign direct investment (FDI) rose to USD 5 billion from USD 2.7 billion in March 2022. Net outflows of foreign portfolio investment (FPI) moderated to USD 4.2 billion from USD 5.3 billion in March 2022.
- India commissioned 15.4 GW of renewable power generation capacity in 2021, according to REN21's Renewables 2022 Global Status Report (GSR 2022). With this, the country ranked third globally following China (136 GW) and the US (43 GW). According to the report, India added 843 MW of hydropower capacity in 2021, raising the total capacity to 45.3 GW. A total of 13 GW solar capacity was added during the year. With this, the total solar installations in the country rose to 60.4 GW. India's wind installations stood at 40.1 GW. The country ranked third globally in wind installations and fourth in solar installations during the year.

## Downsides

- Ratings agency IcrA revised its outlook on the domestic steel to stable from positive, mainly on the account mounting input cost amid low steel rates. After two back-to-back years of earnings surge, the steel companies are now staring at a significant decline in earnings over the next 12 months as the industry faces multiple headwinds emanating from trade barriers from export duty on finished steel, unprecedented coal/energy cost pressures, and muted domestic demand growth so far.
- A sharp rise in commodity prices has taken a toll on the construction of highways. In the first two months of the current fiscal, the pace of highway construction stood at just 21 km a day, compared to 24 km a day recorded in the same period last fiscal, and 29 km per day achieved in the whole of FY22. The current year's pace, however, is higher than that recorded in the pandemic-hit first two months of 2020.
- Jet fuel prices were hiked by the steepest ever 16 per cent to catapult rates to an all-time high in step with hardening international oil rates. The price of aviation turbine fuel (ATF) has been increased by Rs 19,757.13 per kilolitre, or 16.26 per cent, to Rs 1,41,232.87 per kl (Rs 141.2 per litre) in the national capital, according to a price notification of state-owned fuel retailers. The hike, which comes on the back of a marginal 1.3 per cent (Rs 1,563.97 per kl) cut in rate earlier this month, takes jet fuel prices to record high across the country. With jet fuel making up for almost 40 per cent of the operating cost of an airline, the increase in prices will result in a rise in the cost of flying and possibly translate into higher fares.
- Hit by high imported coal prices and lower steel demand, Indian sponge iron mills are either closing for annual maintenance or operating at lower capacities by cutting back production by 20–50 per cent across prime hubs of Chattisgarh and Odisha. Some mills in Karnataka have already shut shop because of unremunerative operating costs.
- OPEC+ produced 2.695 million barrels per day (mbpd) below target in May 2022. This was due to production problems at several members and as Russia faced sanctions. This adds to global supply concerns. Russia's output rose to 9.273 mbpd in May 2022 from 9.159 mbpd in April 2022. OPEC+ faces challenges in June 2022 output levels due to a new blockade of Libyan crude oil facilities.

**Key Policy Announcements/ Notifications**

**RBI raises limit of e-mandates for transactions up to Rs 15,000**

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12341&Mode=0>

**IBBI amends rules for swifter redressal of grievances filed against insolvency professionals**

<https://ibbi.gov.in/uploads/press/9f964c88ee79634bb8e7b832dcce070a.pdf>

**Indian Railways Innovation Policy, StartUps for Railways launched to improve operational efficiency & safety**

<https://pib.gov.in/PressReleasePage.aspx?PRID=1833561>

**Coal Ministry Launches Project Information & Management Module of Single Window Clearance System (SWCS)**

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1833882>

**Reports**

**Accelerating India's clean energy transition: FICCI-EY, June 2022**

India's energy transition is gaining momentum post-COVID with strong backing from policy enablers focused on improving ease of doing business, competitiveness, and self-reliant supply chains. According to the report, about 103 GW of utility-scale renewable power generation projects and 11 GW of distributed renewable power generation projects are in the pipeline in India. The implementation of these projects will create a total of 8,96,500 fresh jobs.

[https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_in/news/2022/06/ey-accelerating-indias-clean-energy-transition.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/news/2022/06/ey-accelerating-indias-clean-energy-transition.pdf)

**Forthcoming Data Releases**

Forex Reserves, Reserve Bank of India, June 24, 2022

Consumer Price Index – Agriculture/Rural Workers, Labor Bureau, June 20, 2022\*

Balance of Payments, Reserve Bank of India, June 25, 2022\*

**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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