

**Key Data Releases**

**Consumer Price Index– AL/ RL**

- Point-to-point rate of inflation based on the CPI-AL (Consumer Price Index-Agricultural Labourers) and CPI-RL (Rural Labourers) stood at 6.67 per cent and 7 per cent in May 2022 compared to 6.44 per cent and 6.67 per cent, respectively in April 2022 and 2.94 per cent and 3.12 per cent, respectively during the corresponding month of the previous year
- Food inflation for Agricultural Labourers and Rural Labourers stood at 5.44 per cent and 5.51 per cent in May 2022 compared to 5.29 per cent and 5.35 per cent, respectively in April 2022, and 1.54 per cent and 1.73 per cent, respectively during the corresponding month of the previous year.

**Balance Of Payments**

- India reported a current account deficit of USD 13.4 billion in the quarter ended March 2022. The current account deficit amounted to 1.5 per cent of GDP. India had witnessed current account deficit amounting to 2.6 per cent of GDP in the preceding quarter and one per cent in the year-ago quarter.
- Merchandise trade deficit widened to USD 54.5 billion in the quarter ended March 2022 from USD 41.7 billion in the year-ago quarter. Net earnings from services, on the other hand, rose to USD 28.3 billion from USD 23.5 billion.

**Foreign Exchange Reserves**

- India's foreign exchange reserves fell by USD 5.9 billion to USD 590.6 billion during the week ended 17 June 2022.

**Key Sectoral Insights**

**Information Technology**

**Nasscom, EY, Microsoft, Capgemini, EXL:** The adoption of artificial intelligence (AI) and data utilization strategy can add \$500 billion to India's GDP by 2025, according to a report titled "AI Adoption Index". The AI adoption in four key sectors -- BFSI, consumer packaged goods (CPG) and retail, healthcare, and industrials/automotive -- can contribute 60 per cent of the total \$ 500 billion opportunity. Though the current rate of AI investments in India is growing at a compound annual growth rate (CAGR) of 30.8 per cent and poised to reach \$881 million by 2023, it will still represent just 2.5 per cent of the total global AI investments of \$340 billion. This creates a massive opportunity for Indian enterprises to accelerate investments and adoption of AI to drive equitable growth across sectors.

**Media & Entertainment**

**PwC:** India's media and entertainment (M&E) industry is expected to grow at an 8.8% CAGR to reach Rs 4,30,401 crore by 2026, as per PwC's Global Entertainment & Media Outlook 2022-2026. The report highlights that India will overtake both France and the UK to become the fifth-biggest newspaper market by 2026 and will also be the only country to grow total newspaper print revenue consistently across the five-year forecast period. India will see an increase in total newspaper revenue at a 2.7% CAGR from Rs 26,378 crore in 2021 to Rs 29,945 crore in 2026. India will also be the only country in the world to grow daily print newspaper copy sales (by volume) during the forecast period.

**Renewable Energy**

**Bloomberg NEF:** India will need USD 223 billion of investment to meet its goal of wind and solar capacity installations by 2030, according to a report titled "Financing India's 2030 Renewables Ambition". The government has set a target of increasing non-fossil power capacity to 500 GW by 2030. To achieve this target, India needs to massively scale up funding for renewables, the report said, adding that USD 223 billion is required over the next eight years just to meet the solar and wind capacity targets. Corporate commitments from Indian companies could help India achieve 86 per cent of its 2030 goals of building 500GW of cumulative non-fossil power generation capacity.

**Telecom**

**Ericsson:** The 5G subscriptions in India will touch 500 million by 2027-end, accounting for 39 per cent of mobile subscribers, according to the Ericsson Mobility Report. The commercial launches of 5G networks are planned for the second half of 2022 in India, with enhanced mobile broadband expected to be the initial main use case. 5G will represent around 39 per cent of mobile subscriptions in the region at the end of 2027, with about 500 million subscriptions. Total mobile data traffic in the India region is estimated to grow by a factor of four between 2021 and 2027. This is driven by high growth in the number of smartphone users and an increase in average usage per smartphone.

**Upsides**

- Maize exports have rebounded to a record of USD 1 billion in the year 2021-22 after a gap of seven years. As per the data by Agricultural and Processed Food Products Export Development Authority (APEDA), in the year 2021-22, maize shipments were up by 61 per cent at USD 1.02 billion as against USD 634 million in the previous year. Reportedly, shipments have gone up in the last two years as demand for coarse cereals from South and South-East Asian countries such as Bangladesh, Vietnam and Malaysia is rising.

**Downsides**

- Cotton Association of India (CAI) has reduced its crop estimate to 315.32 lakh bales (each of 170 kg) for the 2021-22 season. The latest crop estimate is about 12 per cent lower than its first estimate of 360.13 lakh bales issued in October 2021. Factors such as lower yield, and unseasonal rains during the initial months of harvest coupled with the reduced acreage have all led the cotton trade body.

**Upsides**

- Edible oil prices in the retail market have started easing with softening of international rates and the government’s timely intervention. As per government data, the average retail prices of packaged edible oils have eased slightly, except for groundnut oil, across the country since the beginning of this month and are ruling between Rs 150 and 190 per kg.
- The World Bank has approved a USD 245 million loan to support India’s efforts to modernize rail freight and logistics infrastructure. The Rail Logistics project will help India shift more traffic from road to rail, making transport — both freight and passenger — more efficient and reducing millions of tonnes of greenhouse gas emissions (GHG) each year. The project will also incentivize more private sector investment in the railway sector.
- The government has surpassed the formal employment creation target set under the Atmanirbhar Bharat Rozgar Yojana (ABRY), which incentivises employers for creating jobs. Latest data show 7.51 million jobs were created under the scheme since its notification in December 2020, over a quarter more than the initial target of 5.85 million.
- With Covid-restrictions easing, the travel and hotel industry is witnessing a 35-40 per cent increase in business at spiritual tourist locations such as temple towns. According to online travel portal ixigo, there has been increase in searches for religious places like Katra (83 per cent), Tirupati (73 per cent), Haridwar (36 per cent), Rishikesh (38 per cent), Rameswaram (34 per cent), Agra(29 per cent), Prayagraj (22 per cent) and Varanasi (14 per cent). Srinagar, with 3.5 times growth, saw the highest spike for the period January-April 2022 as compared to the same last year.
- After a record-breaking coal production of 777 million tonnes (MT) in 2021-22, domestic coal production continues to witness an increasing trend in the current financial year as well. The total domestic coal production in 2022-23, as of May 31, 2022, is 137.85 MT, which is 28.6 per cent more as compared to the production of 104.83 MT in the same period of last year. The coal production by Coal India Ltd (CIL) is 28 per cent more than the production in the same period of the previous year (as of June 16, 2022). The Domestic coal production target for the current financial year is 911 MT which is 17.2 per cent more than the previous year. The coal imports for blending by the Domestic Coal Based (DCB) power plants have dropped to 8.11 MT in the year 2021-22 which has been the lowest coal import in the last eight years. This was possible solely due to the robust coal supply from domestic sources and increased domestic coal production.
- The Centre has cleared 2.97 million tonnes (mt) of wheat for exports up to 14 June 2022 as wheat shipments are allowed only with official approval. Also, close to 0.26 million tonnes (mt) of wheat flour has been exported between 1 April 2022 to 14 June 2022. Reportedly, the government will be monitoring exports of wheat flour so that it does not replace wheat. Currently, domestic prices of wheat are reported to be stable at Rs.30.33 per kg as on 20 June 2022 as against the international prices which are ruling at Rs.40.96 per kg.

**Downsides**

- Since the coal demand-supply mismatch started in August last year, the major casualty has been the non-power sectors of steel, aluminium, iron, paper, cement, etc. as the Centre prioritised power units for coal supply. In the past one year, the non-power sector has seen coal dispatch fall by 33 per cent. Bigger players are importing coal which is costlier, but smaller ones do not even have that capital. The rate of coal in e-auction by CIL has also gone up due to increased demand.
- Investment in the Indian capital markets through participatory notes (P-notes) dropped to Rs 86,706 crore till May-end from the preceding month, while experts say foreign investors will reverse their selling stance and return to the country’s equities in the coming 1-2 quarters. According to Securities and Exchange Board of India (Sebi) data, the value of P-note investments in Indian markets — equity, debt, and hybrid securities — stood at Rs 86,706 crore at May-end compared to Rs 90,580 crore at April-end. In March, the investment was at Rs 87,979 crore. It was Rs 89,143 crore in February and Rs 87,989 crore in January.
- Operating profit growth of listed private companies decelerated across broad sectors in the January-March quarter of 2021-22, on the back of rise in expenditure, according to an RBI data. Operating profit of manufacturing companies decelerated sharply to 7 per cent in the fourth quarter of last fiscal as against 70 per cent in the corresponding quarter of the preceding fiscal. In case of companies in services sector (non-IT), the growth in operating profit slowed to 6.1 per cent in the fourth quarter of 2021-22 compared to 62.5 per cent in the year-ago period.
- Area sown under kharif crops was reported at nearly 14 million hectares as of 24 June 2022. This is around 24 per cent lower than the area covered during the corresponding period last year. Acreage under rice decreased by 45 per cent to two million hectares and that under coarse cereals also decreased by 38.7 per cent to 1.2 million hectares. Area sown under pulses was down y-o-y by 36.1 per cent at 0.9 million hectares. Oilseeds were sown on 1.2 million hectares, 47.5 per cent lower than a year ago. Area sown under cotton decreased by 14.8 per cent to 3.2 million hectares, but that under sugarcane increased by 1.2 per cent to 5.1 million hectares as of 24 June 2022.

## Key Policy Announcements/ Notifications

**PM launches NIRYAT information portal to support importers, exporters**

<https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=1836455>

**CBDT notifies TDS disclosure requirements for cryptos, virtual digital assets**

<https://www.incometaxindia.gov.in/communications/notification/notification-67-2022.pdf>

**RBI extends timeline for implementation of certain provisions of Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022**

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12342&Mode=0>

**Design led manufacturing under Production Linked Incentive (PLI) Scheme for Promoting Telecom and Networking Products Manufacturing in India**

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1835560>

## Reports

**Gold Refining and Recycling, World Gold Council, June 2022**

India has emerged as the fourth largest recycler in the world and the country has recycled 75 tonnes in 2021, according to the WGC report titled 'Gold Refining and Recycling'. India's gold refining capacity increased by 1,500 tonnes (500 per cent) in 2021. The report further noted that the gold refining landscape in the country has changed over the last decade, with the number of formal operations increasing from less than five in 2013 to 33 in 2021. While the informal sector accounts for as much as an additional 300-500 tonnes, it is worth noting that the scale of unorganised refining has fallen, largely due to the government's tightening of pollution regulations.

<https://www.gold.org/goldhub/research/gold-refining-and-recycling-india-gold-market-series>

**Monthly Economic Review, Ministry of Finance, May 2022**

India is facing near-term challenges in managing its fiscal deficit, sustaining economic growth, reining in inflation and containing the current account deficit but the country is relatively better placed to weather these headwinds compared to other nations. Near-term challenges need to be managed carefully without sacrificing the hard-earned macroeconomic stability.

[https://dea.gov.in/sites/default/files/MER%20May\\_2022.pdf](https://dea.gov.in/sites/default/files/MER%20May_2022.pdf)

## Forthcoming Data Releases

Forex Reserves, Reserve Bank of India, July 1, 2022

Index of Eight Core Industries, Ministry of Commerce & Industry, June 30, 2022\*

Public Finance, Ministry of Finance, June 30, 2022\*

CPI (IW), Labour Bureau, June 30, 2022

IHS PMI- Manufacturing, July 1, 2022\*

\*Expected

### Sources:

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

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