

Key Data Releases

Index of Eight Core Industries

- The index of eight core industries rose by 18.1 per cent on a year-on-year basis in May 2022. The growth was broad-based with all eight industries reporting rise in production. Electricity generation rose by 22 per cent and output of coal, which is a key input for thermal power generation, increased by 25.1 per cent. Among other energy sources, output of crude oil rose by 4.6 per cent, natural gas by seven per cent and that of refinery products by 16.7 per cent.
- Cumulative output of eight core industries during April-May 2022 rose by 13.6 per cent, over a 36.3 per cent growth recorded during the same period a year ago.

Consumer Price Index-Industrial Workers

- Retail inflation for industrial workers rose to almost 7.0 percent in May 2022 from 6.3 percent in April this year, and 5.3 per cent during May 2021.
- Food inflation in May stood at 7.9 percent y-o-y against 7.1 percent in April 2022, and 5.3 percent during May 2021. The maximum upward pressure in current index came from the Food and Beverages group.

Public Finance

- The central government's fiscal deficit at the end of May stood at 12.3 percent of the annual budget target for 2022-23. It was at 8.2 percent of the Budget Estimate (RE) of 2021-22 during the corresponding period.
- Net tax collections rose by 31.7 percent to Rs.3.1 trillion during April-May 2022. Non-tax revenue receipts declined by 57.7 percent to Rs. 492.5 billion, while non-debt capital receipts, increased by 420 per cent to Rs.250.1 billion.
- Government expenditure increased y-o-y by 22.6 percent to Rs.5.9 trillion during April-May 2022. Revenue expenditure rose by 15.3 percent to Rs.4.8 trillion and capital expenditure jumped by 70.1 percent to nearly Rs.1.1 trillion.

Purchasing Managers Index-Manufacturing

- The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) declined to 53.9 in June 2022 from 54.6 in May 2022. This is the 12th consecutive month when the manufacturing activity has shown an expansion. But the expansion in June 2022 is the weakest reported since September 2021.

Foreign Exchange Reserves

- India's foreign exchange reserves increased by USD 2.7 billion to reach USD 593.3 billion during the week ended 24 June 2022.

Key Sectoral Insights

Direct Selling

World Federation of Direct Selling: The Indian direct selling industry has reported retail sales of USD 3.25 billion in 2021 and maintained its 12th place in the global rankings, according to report by Washington-based World Federation of Direct Selling Associations (WFDSA). The Indian direct selling industry reported a growth of 7.7 per cent in 2021 and had a CAGR of 15.7 per cent in the last three years from 2018 to 2021. US has emerged as the top direct selling market followed by South Korea and Germany.

Clean Energy

NITI Aayog: The report 'Harnessing Green Hydrogen – Opportunities for Deep Decarbonization in India' recommends that India needs to form Green Hydrogen Corridors and governments can look at providing grants to startups as well as support entrepreneurs to promote green hydrogen to facilitate investment through demand aggregation and dollar-based bidding for green hydrogen. The government can also use public procurement and purchase incentives (for green hydrogen) to create demand in niche markets and crowd in private investment. The report suggested that the government should promote export of green hydrogen and green hydrogen-embedded products through a global hydrogen alliance.

Artificial Intelligence

Bain & Company: Artificial Intelligence (AI) is no longer a fringe technology in India. Although penetration in application is relatively low, the AI market in the country is witnessing a broad-based awareness and adoption among both enterprises and providers, according to the report 'From Buzz to Reality: The Accelerating Pace of AI in India'. Though organisations in India are deploying AI tools and solutions in some form or the other over a period of time, the adoption rate has seen a spurt in recent times—has captured the scale of adoption of AI and interest among organisations in deployment of AI-based solutions.

Digital Banking

Worldline: India saw 9.36 billion transactions amounting to Rs 10.25 trillion in the first quarter (January-March period) via various payment modes led by Unified Payment Interface (UPI), according to Worldline. The UPI P2M (person to merchant) transactions emerged as the most preferred payment mode among consumers with a market share of 64 per cent in volume and 50 per cent in terms of value. In Q1 2022, UPI clocked over 14.55 billion transactions in volume and Rs 26.19 trillion in terms of value.

Upsides

- The index of consumer sentiments recovered marginally in June after three consecutive months of fall. As per the CMIE, the 30-day moving average ICS as of June 26 was 1.3% higher than its level as of May-end after 3.7% dip in March, 3% fall in April and 0.8% decline in May.
- Coffee shipments from India, Asia's third-largest producer and exporter, rose 19 per cent to 2,24,293 tonne in the first half of the current calendar year, according to Coffee Board. The country had exported 1,88,736 tonnes in the year-ago period. According to the Board's latest data, the shipment of Robusta coffee jumped 39.43 per cent to 1,32,852 tonne during January-June 2022 from 95,280 tonne in the same period last year. Whereas Arabica coffee exports declined 16.75 per cent to Rs 29,058 tonne from 34,905 tonne in the said period.
- Exports of marine products rose 30.26 per cent to USD 7.76 billion during 2021-22 as against USD 5.96 billion in previous fiscal year. India shipped 13,69,264 MT of seafood worth Rs 57,586.48 crore during 2021-22. Frozen shrimp remained the major export item in terms of quantity and value. Its shipments stood at USD 5.82 billion last fiscal year. The segment accounts for 75.11 per cent of the total dollar earnings.
- Multi-purpose vehicles (MPVs) have emerged as the fastest growing segment in India's passenger vehicle industry in the first five months of this year, underlining an increasing preference for larger family vehicles after Covid-19. 138,322 MPVs were sold in the local market during January-May 2022, up 54% from a year earlier. Sales of SUVs increased 21% to 565,384 units in the same period. Total passenger vehicle sales rose 14% to 1,506,765 units in the same period.
- Credit card issuances and spends continued to remain robust in May in an indication that the retail economy continues to be strong, said experts. According to data from the Reserve Bank of India, there were 7.68 crore outstanding credit cards in May 2022, which was about a 2.2 per cent increase from 7.51 crore in April. On a year-on-year (y-o-y) basis, this was a jump of 23.3 per cent from 6.23 crore credit cards in force in May 2021.
- Cargo traffic at India's major ports grew by 10.2 per cent y-o-y in May 2022. Major ports handled 65.9 million tonnes of cargo during the month as compared to 59.8 million tonnes in May 2021. Unloaded cargo traffic rose by 8.7 per cent in May 2022. Loaded cargo traffic increased by 10.4 per cent during the month. Transshipment cargo traffic grew by 31 per cent. The major commodities, whose cargo traffic grew during the month were petroleum, oil & lubricants (15.7 per cent), coal (5.3 per cent), container (6.6 per cent) and other goods (37.1 per cent). The major commodities that saw a fall in cargo traffic were iron ore (28.2 per cent).

Downsides

- Unabated inflation in poultry farm input costs caused prices of eggs and poultry meat to turn dearer. The egg price has soared back to Rs 7 per piece after easing to about Rs 6 per unit recently. Broiler chicken prices too moved higher by Rs 20-25 per kg since last week.
- After a gap, the prices of select varieties of pulses have started rising for the past few days due to a delay in the onset of the southwest monsoon over major growing regions of Madhya Pradesh, Maharashtra, and Gujarat.
- Hit by poor demand and slowing export orders, Indian steel mills are looking at ways to reduce excess stock while some are actively exploring production cuts spanning a cumulative 10-15 days across July and August. According to trade sources, one of the major primary steel producers already had three days of closure, citing maintenance, in June and is mulling another 10 days of closure for maintenance, with each closure being for a two-to-three day duration. Some mills are looking at a 10-12 per cent production cut in July and August too.
- According to a study by CRISIL, more than a quarter of India's micro, small and medium enterprises (MSMEs) lost a market share of over 3 per cent due to the Covid-19 pandemic. Half of them suffered a contraction in their earnings before interest, tax, depreciation and amortisation (EBITDA) margins because of a sharp rise in commodity prices last fiscal, compared with the pre-pandemic (fiscal 2020) level.
- Export of petroleum products fell 1% in May over the year after rising 22% in April as demand soared in the domestic market, according to the oil ministry data. India exported 5.7 million metric tonnes (MMT) of petroleum products in May, 6% higher than in April but 1% lower than in May 2021. Imports increased 14% to 3.2 MMT in May over the year, compared to 3.8 MMT in April.

Key Policy Announcements/ Notifications

PM Modi launches RAMP scheme for MSMEs, CBFTTE scheme for first-time exporters

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1838174>

Sebi revises threshold for adjustment in derivative contracts post dividend

https://www.sebi.gov.in/legal/circulars/jun-2022/adjustment-in-derivative-contracts-for-dividend-announcements_60306.html

Sebi modifies Cyber Security and Cyber resilience framework for Stock Brokers / Depository Participants

https://www.sebi.gov.in/legal/circulars/jun-2022/modification-in-cyber-security-and-cyber-resilience-framework-for-stock-brokers-depository-participants_60453.html

Recommendations of 47th GST Council Meeting

<https://pib.gov.in/Pressreleaseshare.aspx?PRID=1838020>

Deadline for exporters to claim pending dues under MEIS extended

<https://www.financialexpress.com/economy/deadline-for-exporters-to-submit-application-for-pending-dues-extended/2579731/>

Reports

Business Reforms Action Plan 2020 Assessment Report, Ministry of Finance, June 2022

As per the findings of the report, Andhra Pradesh, Gujarat, Haryana, Karnataka, Punjab, Tamil Nadu and Telangana are the Top Achievers based on implementation of Business Reforms Action Plan. The BRAP 2020 includes 301 reform points covering 15 business regulatory areas such as Access to Information, Single Window System, Labour, Environment, Land Administration & Transfer of Land and Property, Utility Permits and others. 118 new reforms were included to further augment the reform process.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1838178>

Financial Stability Report, Reserve bank of India, June 2022

The report is the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability and the resilience of the financial system. According to the report, the outlook for the global economy is shrouded by considerable uncertainty because of the war in Europe, front-loaded monetary policy normalization by central banks in response to persistently high inflation and multiple waves of the COVID-19 pandemic. The capital to risk weighted assets ratio (CRAR) of scheduled commercial banks (SCBs) rose to a new high of 16.7 per cent, while their gross non-performing asset (GNPA) ratio fell to a six-year low of 5.9 per cent in March 2022.

<https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=1203>

India's Booming Gig and Platform Economy, NITI Aayog, June 2022

According to the report, the rapid increase in digitalization and the low entry barriers for gig and platform workers will lead to surge in the number of such workers in India to 23.5 million by 2029-30 as against 7.7 million in 2020-21. NITI Aayog has urged the government to ensure universal social security coverage to platform workers while recommending industry to provide them with sick leave, health cover and accidental insurance cover as is prevalent in other countries.

https://www.niti.gov.in/sites/default/files/2022-06/25th_June_Final_Report_27062022.pdf

Forthcoming Data Releases

Forex Reserves, Reserve Bank of India, July 8, 2022

Purchasing Managers Index-Services, S&P, July 4, 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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