

### Key Data Releases

#### Foreign Trade

- According to the preliminary data released by Ministry of Commerce, India's merchandise exports rose y-o-y by 16.8 per cent to USD 37.9 billion in June 2022, as compared to a 47.5 per cent growth registered in the year-ago month. POL exports rose by 98 per cent to USD 7.8 billion, and non-POL exports rose by 5.5 per cent to USD 30.1 billion in June 2022.
- At USD 63.6 billion in June 2022, India's merchandise imports were 51 per cent higher than the year-ago level. POL imports rose by 94.2 per cent to USD 20.7 billion and non-POL imports rose by 36.4 per cent to USD 42.8 billion in June 2022.
- Trade deficit touched an all-time high of USD 25.6 billion in June 2022.
- India's net earnings from trade in services rose year-on-year by 6.3 per cent to USD 8.4 billion in May 2022, as compared to a 15.9 per cent growth registered in the year-ago month. Receipts from service exports rose by 32.2 per cent to USD 23.6 billion and payments for service exports rose by 52.7 per cent to USD 15.2 billion in May 2022.

#### Foreign Exchange Reserves

- India's foreign exchange reserves declined by USD 5 billion to USD 588.3 billion during the week ended 01 July 2022.

#### Purchasing Managers Index- Services

- The seasonally adjusted S&P Global India Services PMI rose to 59.2 in June 2022 from 58.9 in May 2022. This is the highest level achieved by the index since April 2011.
- Improvements in demand following withdrawal of the pandemic restrictions and capacity expansions supported the growth in the services activity. New order intakes by the services companies touched an 11-year high in the June 2022 quarter.

#### Revenue Earning Freight Traffic- Railways

- Freight traffic on Indian Railways rose by 11.3 per cent y-o-y in June 2022. It carried 125.5 million tonnes of freight during the month as compared to 112.8 million tonnes carried in June 2021. Freight earnings grew by 20.1 per cent to Rs.134.4 billion.
- The major commodities, whose freight traffic went up during the month included coal (26.2 per cent) and cement (15.5 per cent). On the other hand, freight traffic of iron ore went down by 27.9 per cent.

### Key Sectoral Insights

#### Infrastructure

**ICRA:** The road-based logistics sector is expected to grow 7-9 per cent this fiscal on favorable demand but margins may be under pressure due to higher fuel cost, according to ICRA. However, operators' debt coverage metrics are expected to marginally weaken in FY23 from FY22 levels. This will be largely due to the debt-funded vehicle replacement capex induced by the upcoming scrappage policy, along with the rising interest rate regime. ICRA expects the aggregate operating profit margin to remain in the range of 12-14 per cent in FY23 compared to 14.2 per cent in FY22.

#### Online Retail

**BCG:** Online retail spending in India is expected to grow nearly sixfold to USD 300 billion by 2030 with expansion in the number of digitally-influenced shoppers and online shoppers, according to Boston Consulting Group. The number of digitally-influenced shoppers has grown rapidly in recent years, reaching 280 million from 260 million and online shoppers have grown to 230 million from 210 million in 2021. BCG expects these numbers to increase by 2.5 times over the next decade, accompanied by nearly sixfold growth in online retail spending. COVID has further accelerated online shopper and spend growth by 3-4 Years.

#### Housing

**Knight Frank:** Housing sales rose 60 per cent annually in January-June this year across eight major cities at 1,58,705 units, the highest half-yearly demand in nine years, mainly driven by lower base effect as well as mortgage rates, according to the report 'India Real Estate: Residential and Office Market H1 2022' by Knight Frank India. Housing sales stood at 99,416 units in the first six months of 2021. The residential sector has recorded a 9-year high sales volume in January- June 2022. The previous high was recorded in the first half of 2013, when sales were at 1,85,577 units. The report has listed several factors for the increase in housing sales such as homebuyers' need to upgrade primary lifestyle, low interest rates on home loans and comparatively low home prices to the pre-pandemic levels. The renewed need for home ownership sparked by the COVID pandemic is also driving sales.

#### E-commerce/Logistics

**FICCI-Anarock:** The Indian e-commerce market is expected to reach USD 120 billion by 2026 from as low of USD 38 billion in 2021, and this exponential rise in retail and e-commerce businesses will fuel the economic growth of the warehousing and logistics sector in the country according to the report. The market size of retail segment is estimated to grow to more than USD 1.8 trillion by 2030 from USD 705 billion in 2020.

### Upsides

■ Hiring activity in India has shown an upward growth trajectory with a record 22 per cent year-on-year growth in June 2022 compared to last year. The report Naukri JobSpeak Index showed that demand for entry-level talent continues to record the highest yearly growth (+30 per cent) in June'22. Amongst industries, travel and hospitality continued to show maximum surge in hiring activity in June'22 v/s June'21 at +125 per cent. This was followed by retail (+75 per cent) and BFSI (+58 per cent).

■ Retail sales of automobiles increased in strong double digits last month, indicating a revival in demand across sectors which were hit by the pandemic the past two years. According to data available with vehicle retailers' body Federation of Automobile Dealers Association (FADA), 1,550,855 vehicles were retailed in June, 27% more compared with the 1,219,657 units sold a year earlier.

■ India's coal production increased by 32.57 per cent to 67.59 Million Tonne (MT) in June 2022 from 50.98 MT during June 2021. According to the provisional statistics of the Ministry of Coal, during June this year, Coal India Ltd (CIL), Singareni Collieries Company Ltd (SCCL) and captive mines / others registered a growth of 28.87 per cent, 5.50 per cent and 83.53 per cent by producing 51.56 MT, 5.56 MT and 10.47 MT respectively. Of the top 37 coal mines, as many as 22 mines produced more than 100 per cent and production at another nine mines stood between 80 and 100 per cent. At the same time, coal despatch increased by 20.69 per cent to 75.46 MT from 62.53 MT during June 2022 as compared to June 2021.

■ India has expanded the excise duty exemption for biofuels to encourage the blending of higher proportions of ethanol and components of vegetable oil with gasoline and diesel. The tax exemption will be applicable to an ethanol portion of 12%-15% blended with gasoline, up from 10% previously. For diesel, the exemption will apply to a 20% portion of alkyl esters of long chain fatty acids obtained from vegetable oils.

■ Toy imports in India have declined 70 per cent while exports have increased 61 per cent over the last three years. This is due to various interventions by the government such as mandating sample quality testing of every import consignment, increasing import duty on toys and bringing toys under compulsory Bureau of Indian Standards (BIS) certification, a release issued by the government pointed out.

■ Sales of battery-powered vehicles have bounced back in June as total registered electric vehicle (EV) volumes saw a 10 per cent increase as compared to volumes of May 2022, supported by a recovery in electric two-wheeler sales and strong growth in the electric three-wheeler segment. The positive growth in June comes after two consecutive months of decline in overall registrations. Total EV registrations (all segments included) in June stood at 72,452 units as compared to 65,879 units in May and 72,590 units in April.

### Downsides

■ Consumer electronics and smartphone makers have decided to extend their production cuts till August and defer plans for ramping up output for the festive season by a month, as demand continues to be subdued. Company executives said production of mobile phones, televisions, refrigerators and washing machines is at 75% to 85% of original targets as inventory has piled up with consumers holding back their discretionary spending due to overall inflation. This is the first time in the last five years that the industry has cut production for such a long stretch, stretching from April-May.

■ India's fast-moving consumer goods (FMCG) market fell 1% in value while sales of electronic goods such as air-conditioners and refrigerators dipped 25% in June from May, indicating higher prices continue to hurt demand. This is the second consecutive decline for FMCG and consumer electronics sequentially, according to the latest report by Bizom and industry estimates.

■ Weakened Asian order book and competitively priced Chinese offerings saw Indian steel exports take a hit in May, dipping 42 per cent over the same period last year. Finished steel exports in May were around 6,82,000 tonnes, flattish on a month-on-month basis. In April and May, exports declined 35 per cent, year-on-year (y-o-y) to 13,58,000 tonnes. Steel exports have been declining since March.

■ The country's unemployment rate has shot up at 7.80 per cent in June with the loss of 13 million jobs, mainly in the agriculture sector, according to the data released by CMIE. The massive fall in number of jobs last month was triggered by higher unemployment rate in rural areas, which went up to 8.03 per cent from 6.62 per cent in May. In urban areas, it was slightly better at 7.30 per cent compared to 7.12 per cent recorded in May, according to the CMIE data.

■ While credit growth in the system has picked up, deposit growth has not kept pace with credit growth, resulting in a widening of the gap to an over three-year high, thus exacerbating concerns that slow deposit growth could emerge as one of the biggest constraints for loan growth in the system. According to RBI data, credit growth in the system for the fortnight ended June 17 was 13.2 per cent and deposit growth was 8.3 per cent--a gap of 490 basis points.

■ Total outstanding dues owed by electricity distribution companies (discoms) to power producers rose by 4 per cent year-on-year to Rs 1,32,432 crore in June 2022. Discoms owed a total of Rs 1,27,306 crore to power generation firms in June 2021, according to portal PRAAPTI. On a sequential basis, total dues in June increased from Rs 1,30,139 crore in May 2022. In June 2022, the total overdue amount, which was not cleared even after 45 days of grace period offered by generators, stood at Rs 1,15,128 crore as against Rs 1,04,095 crore in the same month a year ago. The overdue amount stood at Rs 1,07,636 crore in May 2022.

## Key Policy Announcements/ Notifications

### RBI measures to liberalize forex flows

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=53979](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53979)

### Government amends export policy of wheat flour

<https://content.dgft.gov.in/Website/dgftprod/497cdb0c-a8da-425a-b508-fb34aae8dfdd/Notification%2018%20dt%2006-07-22.pdf>

### Modification in Cyber Security and Cyber resilience framework of Qualified Registrars to an Issue and Share Transfer Agents

<https://www.sebi.gov.in/legal/circulars/jul-2022/modification-in-cyber-security-and-cyber-resilience-framework-of-qualified-registrars-to-an-issue-and-share-transfer-agents-qrtas-60605.html>

### Irdai permits general insurers to add tech-led add-ons in Motor OD cover

[https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral\\_Layout.aspx?page=PageNo4714&flag=1](https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo4714&flag=1)

### Hotels, restaurants can't force customers to pay service charge: CCPA order

<https://consumeraffairs.nic.in/sites/default/files/fileuploads/latestnews/Guidelines%20to%20prevent%20unfair%20trade%20practices%20and%20protection%20of%20Consumer%20Interest%20with%20regard%20to%20levy%20of%20service%20charge%20in%20hotels%20and%20restaurants.pdf>

## Reports

### The State of Food Security and Nutrition in the World 2022

This year's report should dispel any lingering doubts that the world is moving backwards in its efforts to end hunger, food insecurity and malnutrition in all its forms. We are now only eight years away from 2030, but the distance to reach many of the SDG 2 targets is growing wider each year. There are indeed efforts to make progress towards SDG 2, yet they are proving insufficient in the face of a more challenging and uncertain context. This will be the case until agrifood systems are transformed, become more resilient and are delivering lower cost nutritious foods and affordable healthy diets for all, sustainably and inclusively.

<https://www.fao.org/documents/card/en/c/cc0639en>

### Health Systems Resilience Index: A Sub-National Analysis of India's COVID-19 Response

The report has two distinct components presenting the state of health systems on the basis of various parameters and reports on the resilience of such systems. It begins with a presentation of individual states and UTs' health profiles, in the context of the pandemic, using publicly available data.

<https://www.orfonline.org/research/health-systems-resilience-index/>

## Forthcoming Data Releases

FDI/ FII, Reserve Bank of India, July 11, 2022\*

Consumer Price Index, MoSPI, July 12, 2022

Index of Industrial Production, MoSPI, July 12, 2022

Wholesale Price Index, MoSPI, July 14, 2022

Foreign Trade, Ministry of Commerce & Industry, July 14, 2022\*

Forex Reserves, Reserve Bank of India, July 15, 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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