

Key Data Releases

Consumer Price index- AL/RL

- Retail price inflation for agricultural laborer's, measured by the CPI-AL fell to 6.4 per cent in June 2022 from 6.7 per cent in May 2022.
- The food group, which accounts for 69.15 per cent of the consumption basket of agricultural laborer's, saw inflation fall to 5.1 per cent from 5.4 per cent.
- Inflation for rural laborer's, measured by the CPI-RL, fell to 6.8 per cent in June 2022 from seven per cent in May 2022. Food inflation for rural laborer's fell to 5.2 per cent in June 2022 from 5.5 per cent.

Foreign Exchange Reserves

- India's foreign exchange reserves declined by USD 7.5 billion to USD 572.7 billion during the week ended 15 July 2022.

Key Sectoral Insights

Retail
Retailers Association of India: Retail businesses across India witnessed 13 per cent sales growth in June compared to the pre-pandemic levels of the same month in 2019. As per RAI's latest business survey, retail businesses in the eastern region posted the highest growth last month, with a rise of 17 per cent over June 2019, followed by the north at 16 per cent, west at 11 per cent and south at 9 per cent.

Healthcare
Redseer Strategy, Amazon Web Services, Chiratae Ventures: India's preventive healthcare sector – fitness, wellness, foods and supplements, early diagnostics and health tracking – is projected to reach USD 197 bn by 2025, growing at a CAGR of 22 per cent, according to the report 'State of Preventive Health in India'. India has traditionally focused on curative care as opposed to preventive care. However, since the COVID-19 pandemic, preventive care has increased in importance across India. A survey conducted with over 1,000 individuals reveals that at least 40 per cent of the respondents were highly inclined towards preventive health.

Telecom
Nasscom: Large-scale adoption of Cloud has the potential to contribute USD 380 billion to the country's gross domestic product (GDP), creating 14 million direct and indirect employment opportunities by 2026, according to the report 'Future of Cloud and Its Economic Impact: Opportunity for India'. However, India may lose USD 118 billion in GDP contribution and five million job opportunities by 2026 if businesses and government are late to Cloud adoption. With global players heading towards new systems like 3D printing, IoT, robotic automation, slow or low adoption in Cloud may result in Indian industries losing competitive edge and India may lose its attractiveness among investors, expats and new businesses.

Upsides	Upsides
<ul style="list-style-type: none"> ▪India's passenger vehicle exports rose by 26 per cent in the first quarter as compared with the April-June period of last fiscal which saw disruptions due to the second wave of COVID-19. As per the latest data released by the Society of Indian Automobile Manufacturers (SIAM), passenger vehicle shipments rose to 1,60,263 units in the April-June period of this fiscal as compared with 1,27,083 units in the same quarter of 2021-22. Passenger car shipments saw an 88 per cent year-on-year growth at 1,04,400 units while utility vehicle exports rose 18 per cent to 55,547 units during the period. ▪After lying low for the last two months, domestic steel prices are being quoted at a premium over imports as shipments from China are being delayed due to a sharp fall in their production. Domestic hot-rolled coil (HRC) prices are sold at a premium at \$645 (₹51,600) a tonne while that of China hovers at about \$614 (₹49,120) a tonne. China's crude steel production was down 3 per cent to 90.7 million tonnes last month. It dipped 6 per cent to 526 million tonnes in the first six months of this year. ▪India's oilmeals export jumped over two-fold in June to 4,31,840 tonnes on record shipment of rapeseed meal, according to industry data. The exports stood at 2,03,868 tonnes in the same month last year. 	<ul style="list-style-type: none"> ▪Asian Development Bank (ADB) has lowered the economic growth forecast for India for current fiscal year to 7.2 per cent, with impacts of COVID-19 and Russia-Ukraine war getting exacerbated by high inflation. In April, the agency had forecast the Indian economy to grow by 7.5 per cent. It also revised downwards the economic growth in fiscal ended March 2022 to 8.7 per cent from 8.9 per cent estimated earlier. Nomura also slashed India's 2023 GDP growth forecast to 4.7 per cent from its earlier projection of 5.4 per cent amid recession fears and rising interest rates. Analysts at Morgan Stanley, too, have lowered their GDP growth estimates. They now expect the Indian economy - as measured by GDP - to grow at 7.2 per cent in fiscal 2022-23 (FY23), 40 basis points (bps) lower than their earlier estimates.

Upsides

- India’s exports of agricultural and processed food products rose 14% on-year in the first three months of FY23 to \$5.98 billion. The exports of these products were \$5.25 billion in the same period of the previous fiscal. The export target for April-June 2022-23 was \$5.89 billion. The exports of fresh fruits & vegetables rose 8.6% while those of processed food products like cereals and miscellaneous processed items grew 36.4% year-on-year in the first quarter of 2022-23.
- The government’s Credit Guarantee Scheme (CGS), which facilitates collateral-free credit flow to micro and small enterprises under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), has recorded a significant 52 per cent jump in loan guarantees in the financial year 2021-22. Rs 56,172 crore guarantees were approved under the scheme in FY22, up from Rs 36,899 crore in FY21, indicating a jump in credit requirement for post-Covid business recovery.
- India witnessed a six-fold jump in foreign direct investment (FDI) equity inflow of \$343.64 million in the Research and Development (R&D) during the calendar year 2021 as compared to the same period a year earlier. According to data released by the industry department, Karnataka was the top FDI equity recipient state in R&D during 2021, followed by Telangana and Haryana. Singapore was the largest investor in the investor in the R&D space during CY 2021 with a share of 40 per cent as compared to total inflows, followed by Germany (35 per cent) and the United States (11 per cent).
- More than 33,000 compliances have been simplified, rationalized, digitized or decriminalized by central ministries/departments and states/union territories combined to promote ease of doing business in India. Importantly, till September last year, 22,000 compliances were reduced, about 13,000 compliances were simplified while over 1,200 processes were digitized, government’s agency for industrial growth Department for Promotion of Industry and Internal Trade (DPIIT) had noted. Also, 103 offences were decriminalized and 327 redundant provisions/laws were removed.
- Non-performing assets (NPAs) for credit disbursed by banks and other lending institutions under the Pradhan Mantri Mudra Yojana (PMMY) have slightly moderated in the financial year 2021-22, according to the government data. Indicating relief from credit schemes such as ECLGS by the government, NPAs as a cumulative percentage of total Mudra loans disbursed in FY22 decreased to 3.17 per cent from 3.61 per cent in FY21 though still above 2.53 per cent in FY20.
- As the economy gains traction and vehicle output sets a new record, the automotive market is driving the pace of growth in manufacturing capex in 2022-23. According to Axis Capital, the automotive market capex is expected to cross USD 3 billion in 2022-23, representing a 24 per cent increase.
- The domestic coal stock, which depleted to 19.80 million tonnes (MT) as of 30 April 2022, increased during May and June 2022. The coal inventory with power plants stood at 23.1 MT as of 14 July 2022. This is about 40 per cent of the normative stock requirement of 56.6 MT during July 2022. The coal stock is sufficient for an average of 10 days at a requirement of 85 per cent plant load factor.

Downsides

- Leading carmakers are grappling with a huge backlog of around 6.5 lakh units, with chip shortage continuing to crimp their manufacturing activities and leading to long waiting period for customers. The country's largest carmaker Maruti Suzuki India alone has a backlog of around 3.4 lakh units while Hyundai and Mahindra & Mahindra have a combined pending order list of about three lakh units. Tata Motors, Kia and Honda Cars are also sitting on substantial pending orders. With the auto industry slowly witnessing revival after pandemic shocks, in recent times, even luxury carmakers have seen demand outstripping supply, resulting in backlog of orders.
- Wheat prices have increased 14% in the past six weeks, as supplies dwindled due to the monsoon season and there is demand for milling, which may now make products like flour, maida, suji, biscuits and bread costlier. Small traders and farmers have sold off their wheat stocks, while multinationals and big traders are holding the stocks anticipating the prices to rise further, according to traders.
- The share of micro, small and medium enterprise (MSME) sector in the country’s annual merchandise exports has declined even as the latter hit a record high level in the financial year 2021-22. MSME exports’ share dipped to 45.04 per cent in FY22 in comparison to 49.75 per cent during FY20 and 49.35 per cent during FY21; while India’s exports jumped from \$313.3 billion (by 34.63 per cent) in FY20 and from \$291.8 billion (44.5 per cent) in FY21 to record \$421.8 billion in FY22.
- A combination of both higher fares and seasonality caused domestic air traffic to slow down in June 2022. Reportedly, domestic air traffic dropped by 7.8 per cent in June 2022 as airlines flew 10.5 million passengers. Seat occupancy was also reported to be low as compared to May 2022.
- High inflation and the sharp fall in the value of the rupee against the dollar will likely hit the festive season demand for smartphone manufacturers. Fearing a weaker-than-usual festive season, which accounts for a third of annual sales, market trackers are already cutting annual shipment estimates for smartphones. Counterpoint Research reduced its annual forecast from 181 million units to 175-177 million units. IDC India is also considering lowering its initial five per cent annual growth estimates.

Key Policy Announcements/ Notifications

Support to Pharma clusters and MSME units to enhance quality and technology improvement

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1843560>

Sebi directive for sub-KYC user agency for Aadhaar authentication

https://www.sebi.gov.in/legal/circulars/jul-2022/entities-allowed-to-use-e-kyc-aadhaar-authentication-services-of-uidai-in-securities-market-as-sub-kua_61047.html

RBI puts fourth a revised regulatory framework for urban co-op banks

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54059

GST on labelled food items, hospital rooms above Rs 5000

<https://pib.gov.in/PressReleaselframePage.aspx?PRID=1842250>

Govt amends SEZ norms to help companies opt for flexible work options

<https://pib.gov.in/PressReleaselframePage.aspx?PRID=1842710>

Reports

India Innovation Index 2021, NITI Aayog, July 2022

Niti Aayog's India Innovation Index 2021 examines innovation capacities and ecosystems at the sub-national level. Karnataka, Telangana and Haryana have been ranked as the top three states among 17 major states. Karnataka topped the index for the third year in a row. Among Union Territories, Chandigarh topped the chart, while in the North-East and Hill States category, Manipur occupied the top spot.

https://www.niti.gov.in/sites/default/files/2022-07/India-Innovation-Index-2021-Web-Version_21_7_22.pdf

Digital Banks: A Proposal for Licensing & Regulatory Regime for India, NITI Aayog, July 2022

The report offers a template and roadmap for a digital bank licensing and regulatory regime for the country. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully demonstrated how to challenge established incumbents, it said, adding that UPI transactions measured have surpassed Rs 4 trillion in value.

https://www.niti.gov.in/sites/default/files/2022-07/DigitalBanking07202022_compressed.pdf

Basic Road Statistics in India-2018-19, Ministry of Road Transport & Highways, July 2022

Rural roads constituted 71.4 per cent of the total road network in the country as of March 2019, a Road Ministry report said on Wednesday. As per the report Basic Road Statistics in India-2018-19, India had a road network of over 63,31,757 kilometres as of March 31, 2019, which is the second largest in the world. As per the report, the total road constructed increased to 63,31,757 km in 2019 from 62,15,797 km in 2018 and registered a growth of 1.9 per cent. According to the report, Maharashtra has the largest network of national highways with 17,757 km (13.4 per cent), followed by Uttar Pradesh and Rajasthan with 11,737 km (8.9 per cent) and 10,342km (7.8 per cent), respectively, as of March 31, 2019.

<https://morth.nic.in/sites/default/files/Basic%20Road%20Statistics%20in%20India-2018-19.pdf>

Forthcoming Data Releases

Consumer Price Index (IW), Labour Bureau, July 29, 2022

Public Finance, CGA, July 29, 2022

Forex Reserves, Reserve Bank of India, July 29, 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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