

Key Data Releases

Eight Core Index

- The index of eight core industries rose by 12.7 per cent y-o-y in June 2022. The growth was lower than the 19.3 per cent growth registered in May 2022.
- Seven of the eight core industries reported a rise in production, while one reported a fall. In June 2022, electricity generation rose by 15.5 per cent and output of coal increased by 31.1 per cent. Output of crude oil fell by 1.7 per cent, but that of natural gas and refinery products rose by 1.2 per cent and 15.1 per cent, respectively.
- Steel production grew by 3.3 per cent and cement production grew by 19.4 per cent. Production of fertilizer increased by 8.2 per cent in June 2022.
- Cumulative output of eight core industries during April-June 2022 rose by 13.7 per cent, as compared to a 26 per cent growth recorded during June last year a year ago.

Digital Payments Index-RBI

- The index for March 2022 stands at 349.3 as against 304.1 for September 2021.
- The index has demonstrated significant growth representing the rapid adoption and deepening of digital payments across the country in recent years.

Public Finance

- Central Government's gross fiscal deficit during April-June 2022 amounted to Rs.3.5 trillion, considerably higher than the last year's Rs.1.7 trillion.
- Government expenditure increased y-o-y by 15.4 per cent to Rs.9.5 trillion during April-June 2022. Revenue expenditure rose by 8.8 per cent to Rs.7.7 trillion and capital expenditure jumped by 57 per cent to nearly Rs.1.8 trillion.
- On the revenue side, net tax collections rose by 22.6 per cent to Rs.5.1 trillion during April-June 2022. Non-tax revenue receipts declined by 51.2 per cent to Rs.621.6 billion, while non-debt capital receipts, which mainly comprise of disinvestment proceeds, increased by 278 per cent to Rs.279.8 billion.

Consumer Price Index – Industrial Workers

- Consumer price inflation for industrial workers eased to 6.2 per cent in June 2022 from nearly seven per cent in May 2022. Foods inflation dropped to 6.7 per cent in June 2022 from 7.9 per cent in May 2022. Both, headline and food inflation had stood at 5.6 per cent in the year-ago month i.e. June 2021.

Foreign Exchange Reserves

- India's foreign exchange reserves fell by USD 1.2 billion to USD 571.6 billion during the week ended 22 July 2022.

Key Sectoral Insights

Neobanking

Grant Thornton Bharat: The country's neobanking market is expected to witness over three-fold jump to reach USD 11.65 billion (about Rs 92,000 crore) by FY25. Due to the sheer scale of the Indian market, there is a substantial opportunity for neobanking to create value for a large segment of customers, all while leveraging the large talent pool available to create high quality technology driven banking products. The neobanking market is well positioned to capitalise on the growing digital economics and achieve rapid growth due to the very dynamic local market with significant upside in terms of the revenue generation potential. The Indian neobanking market was valued at USD 3.42 billion as of FY22 and is expected to grow at a three-year CAGR of 50.5 per cent to reach USD 11.65 billion by FY25.

FMCG

Kantar: The premium segment in the FMCG sector grew across segments during last financial year, according to a report by Kantar. But the growth was less when compared to that in the previous year. The report mentioned three ways through which brands pushed premium products – “natural”, “small packs”, and “specialisation”. The report noted that categories like face creams, bar soaps, and tea have found a way to grow in the natural premium segment. The report also said that small packs helped premium segments grow because aspirational buyers were willing to explore and try new brands. Even though growth in the premium segment has slowed down during FY22 over FY21, there were opportunities for premium brands. It pointed out that there are consumers who are not compromising on purchasing premium brands despite market fluctuations and if reached with the right offering, there is a chance to upgrade the buyers even from the bottom of the pyramid.

Electric Vehicles

IVCA-EY-Induslaw: Electric vehicle (EV) sales in India are expected to cross 9 million units by 2027 and the industry is seen creating more than 10 million direct and 50 million indirect jobs by 2030, according to a report by IVCA, EY, and Induslaw. The EV industry attracted \$6 billion in investment in 2021. This could grow to \$20 billion by 2030. In a sign that the EV market is drawing the attention of private equity/venture capital investors in India, such investments are estimated to grow from \$181 million to \$1,718 million during the same period – an annual growth rate of 849%. Many new and first-time investors are joining the bandwagon. However, experts feel that there is a need for the government and larger investor community to come together and work towards more sustainable solutions.

Upsides

- The manufacturing sector attracted foreign direct investments worth USD 21.34 billion in 2021-22, an increase of 76 per cent year-on-year. Singapore (27.01 per cent) and the US (17.94 per cent) have emerged as the top two investors during 2021-22 in India. These were followed by Mauritius (15.98 per cent), the Netherlands (7.86 per cent) and Switzerland (7.31 per cent).
- Engineering goods exports from India increased 11.8 per cent in April-June 2022-23 (year-on-year) to \$28.96 billion, despite a sharp decline in exports to China, as countries like the US, Germany and Mexico sourced more, according to industry data. Growth in exports of engineering products, however, slowed down in June to 4.2 per cent at \$9.69 billion, with exports to China falling 55 per cent to \$232.78 million, and performance of certain steel products — including stainless steel — getting affected due to a 15 per cent export duty announced on May 22.
- The amount involved in fraud cases reported by public sector banks (PSBs) has come down to Rs 3,204 crore in the last fiscal from Rs 28,884 crore in 2017-18. As per the RBI data, PSBs reported 5,624 cases of fraud in 2017-18, involving Rs 28,884 crore. In 2018-19, a total of 9,092 cases were reported amounting to Rs 26,720 crore, while in 2019-20, the number of frauds rose to 11,074, involving a monetary value of Rs 21,170 crore.
- India's crude steel production rose over 6 per cent year-on-year to 10 million tonnes in June 2022, according World Steel Association. India is the only country which has registered a positive growth in its steel output during June. The country had produced 9.4 million tonnes (MT) crude steel during the same month last year. India is world's second largest producer of crude steel after China which produced 90.7 MT in June 2022, down 3.3 per cent over its 93.9 MT production in June 2021.
- 93,048 micro enterprises in the country's 6.3 crore-strong MSME sector have grown in size to become small enterprises post pandemic between July 2020 and July 2022, showed government data. The biggest jump in terms of the number of companies scaling in size was recorded in the micro segment itself despite Covid disruption in comparison to 10,141 small enterprises moving to the medium business category and 1,602 micro enterprises growing to the small business category during the said period.
- The telecom sector recorded a 6.77% sequential growth rate in adjusted gross revenue (AGR) in the last quarter of FY22 on the back of a boost in revenue, thanks to tariff hikes implemented in November 2021. AGR for the January-March quarter was ₹58,886 crore as compared to ₹55,151 crore in Q3FY22, according to the latest data by the Telecom Regulatory Authority of India.
- Total passenger traffic by air went up by 288.1 per cent to 25.2 million passengers in June 2022. In June 2021, airlines carried a total of 6.5 million passengers. Domestic passenger traffic jumped by 247.9 per cent y-o-y to 20.8 million passengers in June 2022. It accounted for 82.5 per cent of the total passenger traffic carried during the month. International passenger traffic surged by 753.6 per cent y-o-y to 4.4 million passengers in June 2022.

Downsides

- The Indian Construction Equipment industry has reported a 14% quarter-on-quarter (QoQ) decline in sales in the first quarter of the current financial year. It sold an aggregate of 23,037 units in Q1 FY23 as compared to 26,910 units sold in the previous quarter. Though the Q-o-Q sales were down, a comparison with the same period of the previous financial year shows a 59 per cent increase in sales in Q1 FY23. The growth however has been registered on a lower base as India was going through the second wave of COVID-19, leading to muted sales during Q1 FY22.
- Net export of diesel and petrol declined 23% and 8% respectively in June over May as exports fell and imports rose to meet the soaring domestic demand at a time when local refineries are operating above their nameplate capacity. Import of petrol and diesel rose to 246,000 metric tonnes in June from 36,000 metric tonnes in May but was a fraction of total exports. The combined export of petrol and diesel fell to 3,614,000 metric tonnes in June from 4,215,000 metric tonnes.
- India's natural gas consumption is shrinking as refiners, power producers and petrochemical plants are using less of the pricey fuel. Domestic consumption fell 2.5% year-on-year in the first quarter of FY23 while gas imports declined 10%, oil ministry data showed. In June, consumption fell 4% over the year. A part of the decline in imports has been offset by rising domestic output, which expanded 5% over the year in April-June. This has also resulted in lower capacity utilization at gas import terminals. Refiners switched to liquid fuels while generators have been less inclined to use expensive gas to produce power.
- The paddy acreage decreased by 13 per cent to 23.2 million hectares (mh) as of 29 July 2022 as compared with 26.7 mh during the corresponding period last year. This is owing to poor rains in big growing states like Uttar Pradesh, Bihar, Jharkhand and West Bengal. Usually, about 39.7 mh are brought under paddy during kharif season each year. The paddy coverage is reported to be down in West Bengal by 1.1 mh, Uttar Pradesh by 668,000 hectares, Bihar by 561,000 hectares and Jharkhand by 472,000 hectares.

Key Policy Announcements/ Notifications

Regulation of Payment Aggregators – Timeline for submission of applications for authorisation – Review

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12362&Mode=0>

Addendum to SEBI Circular on Development of Passive Funds

https://www.sebi.gov.in/legal/circulars/jul-2022/addendum-to-sebi-circular-on-development-of-passive-funds_61320.html

ECGC launches new scheme to provide up to 90% export credit risk insurance cover for small exporters

<https://pib.gov.in/PressReleasePage.aspx?PRID=1845036>

Sebi notifies social stock exchange framework

https://www.sebi.gov.in/sebi_data/meetingfiles/oct-2021/1633606607609_1.pdf

Reports

World Economic Outlook, IMF, July 2022

The report finds that a tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialize. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic: higher-than-expected inflation worldwide—especially in the United States and major European economies—triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative spillovers from the war in Ukraine.

<https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>

Aid For Trade at a Glance 2022, WTO-OPEC, July 2022

The report analyses the evolution of Aid for Trade flows in a context marked by crises of unprecedented magnitude, with significant impacts on trade and investment. Under the theme “Empowering Connected, Sustainable Trade”, it shows that Aid for Trade was an important tool in the fight against the COVID-19 pandemic, and can help address emerging challenges, such as the environmental and digital transitions while ensuring that no one is left behind. India received the highest aid for trade in 2020 at \$2.7 billion from developed countries even as the receipts declined during the pandemic year compared to \$3.9 billion received in 2019.

https://www.wto.org/english/tratop_e/devel_e/a4t_e/a4tatglance2022_e.htm

Report of the Survey on Climate Risk and Sustainable Finance, RBI, July 2022

The Survey on Climate Risk and Sustainable Finance conducted by RBI in January 2022, covered 34 leading scheduled commercial banks, comprising 12 public sector banks, 16 private sector banks and 6 leading foreign banks in India. It has found that engagement of top management in banks on issues concerning climate risk and sustainable finance is inadequate and the lenders need to scale up initiatives on environmental matters. As per the findings, board-level engagement on climate risk and sustainable finance is inadequate and for about a third of the banks that were surveyed, responsibility for overseeing initiatives related to climate risk and sustainability was yet to be assigned.

<https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=1215>

Forthcoming Data Releases

PMI-Manufacturing, August 1, 2022*

PMI-Services, August 3, 2022*

Monetary Policy, Reserve Bank of India, August 5, 2022

Forex Reserves, Reserve Bank of India, August 5, 2022

*Expected

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

For previous editions / other data products and fact sheets please write to

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