

Key Data Releases

Wholesale Price Index

- Wholesale price inflation, measured by the WPI, fell to 13.9 per cent in July 2022 from 15.2 per cent in June 2022.
- Inflation in the manufactured products group fell to 8.2 per cent in July 2022 from 9.2 per cent in June 2022. Inflation in primary article prices declined to 15.0 per cent from 19.2 per cent in June 2022, but that in power & fuel increased to 43.8 per cent from 40.4 per cent.

Consumer Price Index – Agriculture/Rural Laborers

- Retail price inflation for agricultural laborer's rose to 6.6 per cent in July 2022 from 6.4 per cent in June 2022.
- Inflation for rural laborers stood at 6.8 per cent in July 2022 which was six basis points higher than in June 2022.

Foreign Trade- Services

- India's net earnings from trade in services rose year-on-year by 20 per cent to nearly USD 9 billion in July 2022.
- Receipts from service exports rose by 34.5 per cent y-o-y to USD 24.9 billion and payments for service imports rose by 44.3 per cent y-o-y to USD 15.9 billion in July 2022.
- Dollar receipts from services exports fell sequentially by 1.5 per cent, while dollar payments for services imports rose by 1.2 per cent.

Foreign Exchange Reserves

- India's foreign exchange reserves fell by USD 2.2 billion to nearly USD 570.7 billion during the week ended 12 August 2022.

Key Sectoral Insights

Retail

Retailers Association of India: The retail businesses grew 18 per cent last month over the pre-pandemic level of July 2019, according to Retailers Association of India's Retail Business Survey. In July 2022, growth in sales compared to the pre-pandemic period (July 2019) was noticeable across regions, with sales in eastern India growing to 25 per cent. There was 21 per cent sales growth in southern India, while the figures were 16 per cent and 10 per cent for the north and the west, respectively. Sales across categories also showed a steady increase over the pre-pandemic period. Sports goods performed the best, followed by footwear, apparel, and jewellery. Retail sales had moved below pre-pandemic levels in January due to restrictions imposed by states in view of the Omicron wave. Since February, sales have been steadily inching higher compared to the pre-Covid period.

Semiconductor

India Electronics & Semiconductor Association & Counterpoint Research: India's semiconductor component market will see its cumulative revenues climb to \$300 billion during 2021-2026, according to the 'India Semiconductor Market Report, 2019-2026', a joint research by the India Electronics & Semiconductor Association (IESA) and Counterpoint Research. The report observed that India is poised to be the second largest market in the world in terms of scale and growing demand for semiconductor components across several industries and applications. It added that this was being bolstered by the increasing pace of digital transformation and the adoption of new technologies and covers smartphones, PCs, wearables, cloud data centers, Industry 4.0 applications, IoT, smart mobility, and advanced telecom and public utility infrastructure.

Real Estate

Credai, Colliers India, Liases Foras: Revival in housing demand and rise in construction cost have led to a 5 per cent average annual increase in residential property prices across eight major cities during the April-June quarter, according to 'Housing Price-Tracker Report 2022'. Delhi-NCR saw the maximum rise in housing prices at 10 per cent. During Q2 (April-June) 2022, housing prices in India have surpassed pre-pandemic levels, indicating robust demand and supply that is well-aligned with the demand. Bengaluru saw a 4 per cent price appreciation to Rs 7,848 per square foot, while Chennai witnessed only one per cent increase to Rs 7,129 per square foot. Housing prices in Ahmedabad rose 9 per cent year-on-year (y-o-y) to Rs 5,927 per square foot during the April-June quarter of this calendar year. Housing rates in Hyderabad stood at Rs 9,218 per square feet in April-June, up 8 per cent from the year-ago period. Prices of residential properties in Kolkata too increased 8 per cent to Rs 6,362 per square foot.

Upsides

- The country's oil meal exports increased 19 per cent to 2,27,247 tonnes in July this year due to rise in shipments of rapeseed meals, according to Solvent Extractors' Association (SEA) of India. Oil meal exports during July 2021 stood at 1,91,663 tonnes. The overall export of oil meals during April-July jumped 35 per cent to 12,48,512 tonnes compared to 9,27,555 tonnes in the same period of the previous year. Exports of rapeseed meal during April-July showed a quantum jump of 77 per cent at 8,51,212 tonnes compared to 4,79,572 tonnes following a record crop and crushing which led to high processing, availability and exports.

Downsides

- Diesel demand in India fell for the second month in a row as the onset of monsoon chipped away consumption in key sectors like agriculture, preliminary industry data showed. Petrol and diesel demand had fallen month-on-month in July. While petrol consumption is almost flat in the first half of August, diesel - the most widely used fuel in the country - saw demand drop 11.2 per cent during August 1-15 to 2.82 million tonnes from 3.17 million tonnes in the same period of the previous month. The arrival and intensity of monsoon weigh heavily on diesel demand in the country and consumption traditionally is lower in July-September than in April-June.

Upsides

Downsides

- The loan portfolio of micro-finance institutions (MFI) increased 24 per cent year-on-year (YoY) to Rs 2.75 trillion by end of this June from Rs 2.22 trillion a year ago. Sequentially, the loan book expanded from Rs 2.62 trillion at end of March 2022 (Q4FY22), according to Sa-Dhan, the self-regulatory organisation (SRO) for microfinance.

- Despite an ongoing funding winter and a global economic slowdown due to rising fuel prices and inflation, early-stage and seed-stage deals have been in throttle mode. This is despite a steep slowdown in late-stage investments in the Indian tech start-up ecosystem. Data from private deal tracker Tracxn showed that despite a slight slowdown in the number of seed stage and early stage deals in CY2022, investment volumes (total value of deals) have in fact improved when compared to the previous calendar year.

- Overall direct tax collections, net of refunds, including corporation and personal income tax, grew by 40 per cent in the first four months of FY23 to Rs 5 trillion, which is nearly 35 per cent of the target of Rs 14.2 trillion for the whole fiscal year. Meanwhile, direct tax refunds increased by 38 per cent to Rs 67,000 crore. Personal income tax collection posted a growth of 52 per cent YoY at Rs 2.67 trillion, while corporation tax collection stood at Rs 45,000 crore. The government officials attributed the rise in direct tax collections to tightened enforcement and compliance using technology including the use of the Annual Information Statement (AIS).

- India received 76.3 millimetres rainfall during the week ended 17 August 2022. This was 25.9 per cent higher than the long period average (LPA). Cumulative rainfall during 1 June-17 August 2022 amounted to 652.9 millimetres, 9.5 per cent higher than the LPA.

- The Ministry of Agriculture & Farmers Welfare has released the fourth advance estimates of production of major crops for 2021-22. The data shows that the country's foodgrain production likely touched record 315.7 million tonnes in the crop year 2021-22, higher by five million tonnes than the production of foodgrain during 2020-21. Also, the production during 2021-22 was higher by 25 million tonnes than the previous five years' (2016-17 to 2020-21) average production of foodgrains.

- Sales of commercial vehicles are likely to cross 435 thousand units this fiscal amid rise in replacement demand and revival of the bus segment. Sales volumes contracted more than half to 234.3 thousand vehicles in 2020-21 owing to various factors. In the fiscal year ended March 2020, when the pandemic hit the country, the industry sold 334.4 thousand units.

- Solar capacity installations rose by 59 per cent to a record 7.2 GW during the first half of 2022, according to Mercom India Research. From January-June 2021, a total of 4.5 GW of solar power generation capacity was commissioned. With the record-high commissioning in the first half of the year 2022-23, India's cumulative installed solar capacity rose to 57 GW.

- Hiring for customer-facing roles in sales and commercial operations as well as other divisions is gaining momentum across the retail sector on the back of rising demand and bullish outlook for the upcoming festive season. However, retailers are feeling the pinch of reverse migration that happened during Covid-19.

- Medium and small steelmakers in India are feeling the heat as prices of key inputs like sponge iron and imported scrap steel continue to rise amid a correction in the prices of finished steel. Called secondary steelmakers, these companies use sponge iron or scrap steel in electric arc furnaces to make steel. This is unlike large, primary steelmakers which operate blast furnaces to purify iron ore and then use that for steelmaking. A paucity of coal in the domestic market is pushing upwards the prices of sponge iron. Meanwhile, there has also been a squeeze on the availability of scrap steel, which is largely imported. This is pushing up the price of the commodity.

- Outstanding NRI deposits fell by 0.8 per cent to nearly USD 136 billion in June 2022, as compared to the preceding month. In absolute terms, this translates into a net outflow of USD 1.1 billion in June 2022, as against a net inflow of USD 2.1 billion in May 2022.

- According to a recent report by a market analytics firm Forester on the 'Future of Jobs Forecast' between 2020 and 2040, around 69 per cent of Indian jobs are theoretically under the threat of automation by 2040. However, the number of jobs lost to automation in India is likely to be lesser in comparison to other Asia Pacific (APAC) countries such as South Korea, Japan and Australia, as per the report. India will be one of the few economies in the APAC region to see massive workforce expansion in the future, while it will face challenges in incorporating automation as well as job creation of additional entrants into the workforce. The country is expected to add 160 million workers to its working population by 2040.

- Area sown under pulses in the ongoing kharif season fell by 5.3 per cent to 12.6 million hectares as on 17 August 2022, as compared to the same period a year ago. Among major pulses, area covered under arhar was down by 7.2 per cent, while urad and moong reported 5.1 per cent and 4.6 per cent decline in acreage, respectively. Oilseeds were sown on 18.4 million hectares as on 17 August 2022, 0.8 per cent lower than a year ago. The fall was entirely led by groundnut, area under which shrunk by 7.6 per cent. Area under all other oilseeds including soyabean, sunflower, sesame, niger and castor increased.

- On 18 August 2022, the Directorate General of Civil Aviation (DGCA) stated that over 9.7 million domestic passengers travelled by air in July 2022. However, this figure is 7.6 per cent lower than June 2022. In June 2022, the figure was 10.5 million. In total, 66.9 million people travelled on domestic flights between January 2022 to July 2022.

Key Policy Announcements/ Notifications

Union Cabinet enhances ECLGS corpus by Rs 50,000 crore to Rs 5 Lakh crore, with the additional amount being earmarked exclusively for enterprises in hospitality and related sectors

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1852527>

Non-resident corporates exempted from 5% TCS on remittances, tour packages

<https://www.financialexpress.com/money/income-tax/non-resident-corporates-exempted-from-tcs-on-remittances-tour-packages/2635587/>

Centre extends deadline for PLI applications for specialty steel till 15 September 2022

<https://pib.gov.in/PressReleseDetailm.aspx?PRID=1852791>

Reports

Annual Survey of Industries, MoSPI, August 2022

According to the report, manufacturing sector investments grew 20.9% in 2019-20 over the previous fiscal. The provisional estimates in May had shown a 20% rise. The gross fixed capital formation (GFCF) in 2019-20 was Rs 4.16 lakh crore compared to Rs 3.44 lakh crore in FY19. There was a 1.7% increase in the number of factories in the country. Employment in the corporate sector, which includes public and private, government and non-government companies, increased 5.5% to 97.02 lakh in 2019-20. The survey results are for the year before the Covid-19 pandemic.

<https://www.mospi.gov.in/web/mospi/reports-publications/-/reports/view/templateOne/30001?q=RPCAT>

Forthcoming Data Releases

Forex Reserves, Reserve Bank of India, August 26, 2022

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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