

Key Data Releases

Gross Domestic Product

- India's real gross domestic product (GDP) grew by 13.5 per cent in the first quarter of 2022-23 as compared to the year-ago level. PFCE grew by 25.9 per cent y-o-y during the June 2022 quarter. GFCF grew by 20.2 per cent. GFCF grew by 1.3 per cent after a 4.8 per cent fall seen during the June 2021 quarter.
- GVA in real terms grew by 12.8 per cent during April-June 2022 compared to same period a year ago. Growth was led by the services sectors, which grew by 17.6 percent. Industrial sector GVA improved by 8.6 percent y-o-y. GVA of the manufacturing sector grew year-on-year by 4.8 per cent and that of mining by 6.5 per cent. Agricultural sector clocked in a 4.5 per cent rise in GVA, vis-à-vis, 2.2 per cent growth reported in the June 2021 quarter.

PMI-Manufacturing

- The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) inched down to 56.2 in August 2022 from an 8-month high of 56.4 in July 2022. This was the 14th consecutive month when the index reported an expansion in manufacturing activity.

Foreign Trade- Services

- India's receipts from service exports rose year-on-year by 25.6 per cent to USD 23.3 billion and payments for service exports rose by 26 per cent to USD 13.9 billion in July 2022.
- Net services exports saw a two per cent contraction from the preceding month.

Eight Core Index

- The index of eight core industries rose by 4.5 per cent on a year-on-year basis in July 2022. The growth was the lowest registered in the last six months.
- Of the eight core industries, six reported a rise in production, while two reported a fall in July 2022. Electricity generation rose by 2.2 per cent, and coal output increased at 11.4 per cent.
- Output of crude oil fell by 3.8 per cent and that of natural gas by 0.3 per cent, while the refinery products industry reported a 6.2 per cent rise in production in July 2022.
- Steel production grew by 5.7 per cent and cement production grew by 2.1 per cent. Production of fertilizers increased by 6.2 per cent in July 2022.

Public Finance

- Central Government fiscal deficit during April-July 2022 amounted to Rs.3.4 trillion, higher than the last year's Rs.3.2 trillion.
- Government expenditure increased y-o-y by 12.2 per cent to Rs.11.3 trillion during April-July 2022. Revenue expenditure rose by 4.8 per cent to Rs.9.2 trillion and capital expenditure rose by 62.5 per cent to Rs.2.1 trillion.
- On the revenue side, net tax collections rose by 25.9 per cent to Rs.6.7 trillion during April-July 2022. Non-tax revenue receipts declined by 36 per cent to Rs.895.8 billion, while non-debt capital receipts increased by 112.9 per cent to Rs.301.2 billion.

Foreign Exchange Reserves

- India's foreign exchange reserves fell by approximately USD 3.0 billion to USD 561.0 billion during the week ended 26 August 2022.

Key Sectoral Insights

Green mobility

KPMG: The total number of electric vehicles on Indian roads is likely to touch 5 crore by 2030, presenting an enormous opportunity for players in the charging ecosystem, according to the report 'Electric Vehicle Charging the Next Big Opportunity'. A large increase in electric vehicles (EV) sales is anticipated in India due to favourable factors on demand, supply and regulatory front despite a low penetration level of about 1 per cent currently. According to the report, India's electric mobility story is rapidly evolving, with EVs gradually entering the mainstream, resulting in a three-fold rise in EV sales over the last fiscal year. The growth is currently being led by two-wheeler (2W), three-wheeler (3W), and bus segments. As of March 2022, the number of EVs on Indian roads had surpassed one million. This number is likely to grow to 45-50 million EVs on road by 2030.

Information Technology

Cushman & Wakefield: The report 'Tech Cities: The Global Intersection of Talent and Real Estate' has identified Bengaluru, Chennai, Hyderabad, and Delhi as the top technology hubs in the APAC region after Beijing. Bengaluru leads India with 2,30,813 tech job creation during the last fiscal, followed by Chennai with 1,12,781, Hyderabad with 1,03,032 and Delhi with 89,996 jobs. The strong market fundamentals coupled with key policy changes have not only made India a favourable investment hub for global IT players, but also made it the most sought-after destination to find global tech talents and set footprints for further expansion.

Healthcare

Pristyn Care Data Labs: Around 60 per cent respondents have been delaying treatment due to lack of health cover and 67 per cent who have medical insurance find it difficult to understand, according to a study by Pristyn Care Data Labs. A vast majority of people want alternative treatments such as ayurveda, unani, siddha, homeopathy and naturopathy to be covered under health insurance. India has the lowest rates of health insurance penetration and COVID-19 induced medical inflation has caused people to delay surgeries. With the rising costs of medical treatments in the country, nearly 60 per cent of the respondents are delaying treatment due to the lack of any health cover. The survey based on inputs received from over 1,100 people and internal data of more than 4 lakh patients found that 24 per cent patients find deduction of money at the time of making a claim very challenging and 17 per cent find the paperwork involved in the process complex.

Upsides

- Indian car makers recorded yet another month of bumper sales, increasing dispatches by nearly a third in August as production constraints eased and dealers stocked vehicles to meet robust customer demand in the festive period. Industry estimates sales of passenger vehicles to have increased 29-31% to 335,000-340,000 units in August. This is the fastest growth registered in wholesale volume this year, barring May, when dispatches had tripled on the low base of last year.
- The Emergency Credit Line Guarantee Scheme (ECLGS) has not only helped MSMEs to revive and scale their business but also enabled them to start new trades, according to TransUnion CIBIL. Over the course of four quarters since availing ECLGS, the average number of new trades opened per MSME borrower went up by 15 per cent compared to only 6 per cent for the eligible borrowers who didn't avail of the credit scheme. Among the top beneficiaries, ECLGS helped revive contact-intensive sectors such as mobility and consumption-dependent sectors like services, traders, and construction, along with labour-intensive industries like textile and food processing. Traders had the highest share of 20.9 per cent in the disbursement amount followed by services businesses (19.2 per cent), textiles (8 per cent), food processing (5.7 per cent), construction (4.1 per cent), etc.
- The grievance resolution portal for small businesses — Champions has seen a 35 per cent jump in the number of grievances redressed. As of July 12, 2022, 48,308 MSME complaints were resolved in comparison to 35,562 complaints resolved as of July 15, 2021, since the portal's launch on June 1, 2020. The overall queries received were around 50,000.
- The Unified Payments Interface (UPI) reported yet another record high in August, both in terms of volume and value of transactions. It saw 6.57 billion transactions, amounting to Rs 10.72 trillion, up 4.62 per cent and 0.95 per cent on a month-on-month (MoM) basis, in terms of volume and value of transactions, respectively. According to the data put out by the National Payments Corporation of India (NPCI), the volume of transactions rose 85 per cent and value 67.85 per cent year-on-year (YoY). In FY22, UPI processed more than 46 billion transactions amounting to over Rs 84.17 trillion. And, in FY21, it processed 22.28 billion transactions, amounting to Rs 41.03 trillion.
- Credit card spends touched an all-time high of Rs 1.16 trillion in July, registering a growth of 6.5 per cent on a month-on-month basis and 54 per cent year-on-year, as per RBI data. Spends have topped the Rs 1 trillion level for five consecutive months now.
- Passenger traffic by air rose by 127.4 per cent to 23.9 million passengers in July 2022. Airlines carried a total of 10.5 million passengers. Domestic passenger traffic went up by 97.9 per cent y-o-y to 19.2 million passengers in July 2022. It accounted for 80.5 per cent of the total passenger traffic carried during the month. International passenger traffic increased by 487.7 per cent y-o-y to 4.6 million passengers in July 2022.

Downsides

- India's unemployment rose to a one-year high of 8.28 per cent in August, according to CMIE, compared with a 6.8 per cent reading in July. The sharp jump was because of rural unemployment rising to 7.68 per cent from 6.14 per cent during the same period, and in urban areas to 9.57 per cent from 8.2 per cent.
- Most Indian banks are falling behind customers' changing needs on their mobile apps, doing too little to help customers understand their spending and debts, create useful budgets, receive personalised insights, get proactive advice, track their financial health, and monitor their financial lives according to Forrester Research. Indian banks have a lowest average score in money management capabilities.
- The warehousing segment is facing headwinds after years of growth as rising costs have led to fresh space inflows being pushed out by at least two quarters. As a result, the delay in fresh inventory has led to increased rentals and land acquisition costs. And with rising interest rates, a slowdown in space uptake by companies—particularly e-commerce—due to the dampening of consumer demand, developers are seeking pre-commitments from occupiers. The warehousing segment has now joined other real estate segments, including residential, commercial and retail which are witnessing increased acquisition costs, leading to deferment of new units in some cases.
- India's diesel exports fell by 11 per cent in July and overseas shipment of petrol dropped by 4.5 per cent after the government imposed a windfall profit tax on such sales. Diesel exports dropped to 2.18 million tonnes in July from 2.45 million tonnes a month back, data from the Oil Ministry's Petroleum Planning and Analysis Cell (PPAC) showed. Similarly, petrol exports fell to 1.1 million tonnes from 1.16 million tonnes in June. India first imposed windfall profit taxes on July 1, joining a growing number of nations that taxes super normal profits of energy companies. Export duties of Rs 6 per litre were levied on petrol and aviation turbine fuel and Rs 13 a litre on diesel.
- As many as 386 infrastructure projects, each entailing an investment of Rs 150 crore or more, have been hit by cost overruns of more than Rs 4.7 lakh crore, according to MoSPI. Out of 1,505 projects, 386 reported cost overruns and as many as 661 projects were delayed.
- India Inc's foreign direct investment declined by over 50 per cent to USD 1.1 billion in July 2022, as per Reserve Bank of India (RBI) data. Domestic companies had invested over USD 2.56 billion in July 2021 in equity loans and guarantees as part of outward foreign direct investment (OFDI).
- Area sown under pulses in the ongoing kharif season fell by 4.4 per cent to a little less than 13 million hectares as on 2 September 2022, as compared to the same period a year ago. Among major pulses, area covered under arhar was down by 5.7 per cent, while urad and moong, reported 4.1 per cent decline in acreage.

Key Policy Announcements/ Notifications

Finance ministry extends concessional customs duty on edible oil imports by 6 months till March 2023

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1856066>

Centre Grants 'in-Principle' Approval of three Bulk Drug Parks to Himachal Pradesh, Gujarat and Andhra Pradesh

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1856080>

Windfall profit tax on export of diesel, ATF hiked

<https://www.businesstoday.in/latest/economy/story/govt-hikes-windfall-profit-tax-on-export-of-diesel-atf-raises-tax-on-domestic-crude-oil-346072-2022-09-01>

Reports

Periodic Labour Force Survey, MoSPI, August 2022

The survey results are based on the current weekly status (CWS) of employment of urban population of the age 15 years and above. According to the survey, unemployment rate in urban India fell to 7.6 per cent in the June 2022 quarter from 8.2 per cent in the March 2022 quarter. The labour force participation rate (LFPR) inched up to 47.5 per cent from 47.3 per cent in the March 2022 quarter. LFPR for women increased to 20.9 per cent from 20.4 per cent, while that for men at 73.5 per cent. Employment increased as seen in the rise in worker population rate (WPR) to 43.9 per cent in the June 2022 quarter from 43.4 per cent in the March 2022 quarter.

<https://mospi.gov.in/documents/213904/301563//Quarterly%20Bulletin%20PLFS%20April%20June%2020221661945175911.pdf/c904e4b1-c5c8-2421-53f9-8e064e0db20a>

The Competitiveness Roadmap for India@100, Economic Advisory Council to the Prime Minister, August 2022

The roadmap sets the premise for a transformed approach to augment India's growth. Both the structural transformations outlined and the integration of economic and social progress will be of utmost importance in the coming decades. Going forward, the target would be to develop KPIs and formulate roadmaps for various industries, ministries, and states so as to traverse toward the country's ambitions.

https://competitiveness.in/wp-content/uploads/2022/08/Report_Competitiveness_Roadmap-25_August_2022_Web_Version.pdf

Bankers' Survey, FICCI-IBA, August 2022

The survey recorded responses from 25 banks representing a mix of the public sector, private sector and foreign banks constituting about 76 per cent of the total banking asset size. The results indicate that 65 per cent of respondent banks expect non-performing assets (NPAs) in the MSME sector to increase in the second half of the current calendar year (July-December 2022). In comparison, 82 per cent of respondent banks in the previous survey (July-December 2021) had expected MSME NPA levels to rise in the first half of 2022. However, in terms of the overall asset quality across sectors, over 50 per cent of respondents expect gross NPA levels to be below 8 per cent by the end of December 2022 while 33 per cent of respondents view gross NPA levels to be at 8-9 per cent. The reasons for the same included recovery of the economy from the Covid shock, higher credit growth, substantial deleveraging of corporate balance sheets, better performance of industry, healthy capital position, use of recovery agencies, and transfer of NPA accounts to National Asset Reconstruction Company Limited (NARCL).

https://ficci.in/SEDocument/20615/ficci_IBA_Bankers_survey_report-August2022.pdf

Progress on WASH in health care facilities 2000–2021, WHO-UNICEF, August 2022

The report revealed that half of the healthcare facilities lack basic hygiene services with water and soap or alcohol-based hand rub where patients receive care and at toilets in these facilities across the world. Around 3.85 billion people use these facilities, putting them at greater risk of infection, including 688 million people who receive care at facilities with no hygiene services at all.

<https://data.unicef.org/resources/jmp-wash-in-health-care-facilities-2022/>

Forthcoming Data Releases

PMI-Service, S&P Global, September 5, 2022*

Forex Reserves, Reserve Bank of India, September 9, 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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