

Key Data Releases

PMI-Services

- The seasonally adjusted S&P Global India Services PMI rose to 57.2 in August 2022 after dropping to a four-month low of 55.5 in July 2022.
- Service providers witnessed a strong growth in new business. They expect their topline to grow over the coming 12 months, backed by ongoing improvements in demand and planned marketing. The upturn in business activity encouraged service providers to go for fresh recruitment.

Foreign Exchange Reserves

- India's foreign exchange reserves fell by approximately USD 8.0 billion to USD 553.1 billion during the week ended 02 September 2022.

Foreign Trade-Preliminary data

- Merchandise exports declined y-o-y by 1.2 per cent to USD 33 billion in August 2022. POL exports rose y-o-y by 5.4 per cent to USD 4.9 billion, whereas non-POL exports fell by 2.2 per cent to USD 28.1 billion.
- Imports, grew by 36.8 per cent to USD 61.7 billion in August 2022 compared to the same month a year ago. POL imports rose y-o-y by 86.4 per cent to USD 17.6 billion and non-POL imports rose by 23.6 per cent to USD 44.1 billion in August 2022.
- India's merchandise trade deficit eased to USD 28.7 billion in August 2022 from an all-time high of USD 30 billion in July 2022. In August 2021, trade deficit stood at USD 11.7 billion.

Key Sectoral Insights

Consumer Durables

Crisil: Despite increasing margin pressure, the consumer durables sector is likely to witness a double-digit volume growth, pushing its revenue up by 15-18 per cent to Rs 1 lakh crore this fiscal, according to a report by Crisil. According to the report, a 10-13 per cent spike in demand/volume, which will be driven by both urban and rural segments — led mostly by the AC and refrigerator segments, though rural demand will come into play in the second half of the fiscal. However, margins are under pressure given the run-away commodity prices of inputs like copper, aluminium, steel and polypropylene.

Telecom

Techarc: The telecom industry is set to cross the Rs 10 lakh crores landmark in 2023 and by 2025 is expected to cross Rs 13 lakh crores with 5G services expected to go live by the end of 2022 and scaling to several cities and towns of the country in 2023 and beyond, as per a report by Techarc. The report titled, "India Smartphone – Big Picture 2025" outlines the outlook, key trends and challenges that are expected to be faced by the smartphone industry in India and is based on the analyses done by Techarc along with interactions done with the ecosystem leadership representing the smartphone OEMs, channel partners, component suppliers and other key enablers of the smartphone industry in India.

Renewable Energy

Mercom India: India has added 1.3 GW of solar power generation capacity through open access installations in the first half of the calendar year 2022, registering a growth of 97 per cent on a y-o-y basis. According to 'Mercom India Solar Open Access Market Report Q2 2022', out of the total added capacity, 680 MW of capacity was commissioned in the second quarter of 2022. This is nearly three times the 210 MW of new capacity added in the year-ago quarter. With the commissioning of 1.3 GW capacity during January-June 2022, the country's total installed solar open access capacity crossed 6.5 GW. Besides this, 2.8 GW of solar open access capacity is in the development stage as on 30 June 2022.

Upsides

- Credit growth of all scheduled banks in the second quarter so far (up to August 26) has been relatively robust at about ₹80,000 crore as compared to a decline of about ₹33,000 crore in the year-ago period. However, deposit accretion was at about ₹30,500 crore during the reporting period against ₹63,000 crore.
- Sales volumes of passenger vehicles rose by 18.5 per cent to 335,943 numbers in August 2022 from 283,420 numbers in August 2021. During April-August 2022, a total of 1,754,575 numbers of passenger vehicles were sold. This is 27.7 per cent higher compared to 1,373,536 numbers of passenger vehicles sold during April-August 2021.

Downsides

- Consumer sentiments in India deteriorated in August 2022 and in the first week of September, after having improved substantially in the previous month, with significant dip in urban sentiments. According to CMIE, the Index of Consumer Sentiments (ICS) shrunk by 0.5% in August, after having risen by an impressive 6.7% in July, and further by a 3.1% in the first week of September. The urban ICS declined by 1.5% in August while the rural ICS remained unchanged; while in the first week of September the urban ICS fell by 4.7% while the rural ICS fell by 1.5%.

Upsides

- August payments data from the Reserve Bank of India (RBI) set new records, pointing to a strong revival in consumption. The Unified Payments Interface (UPI) platform processed transactions worth more than ₹10.73 lakh crore in August, up 68% from the year earlier. Outstanding credit card loans continued their rise toward ₹2 lakh crore - they are currently at ₹1.62 lakh crore - pointing to a bumper festive period. Mass retail payments platform UPI processed 6.57 billion transactions, up 85% from the year earlier.
- Finished steel production increased by 4.2 per cent 9.7 million tonnes in August 2022 compared to the same month a year ago. Cumulatively during April-August 2022, the Indian steel industry produced 48.3 million tonnes of finished steel, which was 8.2 per cent higher than the production during April-August 2021.
- India's urban unemployment rate improved remarkably in the April-June quarter, revealed the National Statistical Office. India's headline urban unemployment rate was 7.6 per cent in the quarter ending June, compared to 8.2 per cent in the quarter ending March, 12.7 per cent in the June quarter of 2021-22, and 8.9 per cent in the June quarter of 2019-20. Joblessness was high in April-June 2021 mainly due to the staggering impact of Covid-related restrictions in the country.
- Coal output in India rose to 58.33 million tonnes in August 2022, up by 8.2 per cent from the 53.88 million tonnes recorded in the corresponding period of last year. Coal dispatch went up by 5.41 per cent to 63.43 million tonnes in August 2022 compared to 60.18 million tonnes recorded in August 2021.
- Exports of tea during the first six months January to June 2022 has increased to 96.89 million kg as compared to 86.46 million kg in the similar previous period. According to Tea Board data, the largest importer traditionally has been the CIS block where exports had slightly fallen to 20.58 million kg during the current six months against 21.04 million kg in the previous period of 2021. Among the CIS block, Russia has been the major importer which stood at 14.76 million kg as compared to 15.88 million kg in the similar previous period. After CIS, UAE has been the major importer at 15.86 million kg during the current first six months as against 6.76 million kg in the previous similar period.
- E-way bill generation by businesses for inter-state trade touched an all-time high of 78.2 million in August 2022, up 19 per cent on-year, as per a report in Financial Express. This indicates that the Goods and Services Tax (GST) collections in September 2022 will continue to be robust at about Rs.1.5 trillion.
- Gross direct tax collection increased by 35.5 per cent to Rs.6.5 trillion in the current financial year till 8 September 2022, according to data shared by the Ministry of Finance. Gross corporate income tax (CIT) inflows grew by 26 per cent and revenues from personal income tax (PIT) and the securities transaction tax rose by 44.4 per cent.

Downsides

- The number of cases admitted for Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code (IBC), 2016 pertaining to wholesale and retail trade increased 24.8 per cent in the first quarter (April-June) of the current financial year from the year-ago period, according to CareEdge. The share of the trading sector with 567 cases (from 454 in June 2021) in the total 5,636 insolvency cases during the first quarter stood at 10 per cent. The manufacturing sector (2,232 cases) accounted for the highest share at 40 per cent while real estate (1,160 cases) share was at 21 per cent, construction 622 (cases) at 11 per cent, and hotels & restaurants (121 cases) at 2 per cent, among top five sectors.
- Amid a slowdown in economic activity in China, India's exports to China dropped 35 per cent to \$6.8 billion during April-August period at a time the country's overall exports rose 17.1 per cent. China became India's fourth largest export destination during the period, slipping from the second position during the same period a year ago. While exports of petroleum products such as naphtha to China rose 81 per cent to \$1.2 billion during April-July due to elevated crude oil prices, shipments of organic chemicals (-38.3 per cent), iron ore (-78.5 per cent) and aluminium products (-84.2) saw sharp decline.
- Due to the supply chain disruptions caused by the Ukraine crisis major production units of Railways have missed their manufacturing targets of coaches, wheels, locomotives and other rolling stock for the first four months of this fiscal.
- The Lumpy skin disease (LSD) in cattle which has spread across the states of Gujarat, Rajasthan, Maharashtra, Madhya Pradesh and many other states is seen impacting milk production. In Gujarat, around 0.14 million animals are infected of which 5,200 cattle have succumbed to the disease since the outbreak which started in April-May 2022. Also, Maharashtra reported a loss of at least 22 cattle heads in the last one month while in Madhya Pradesh LSD-like symptoms are seen in a few cattle. Milk production has taken a hit as daily milk collection in different pockets has dipped by 3-5 per cent due to the disease.
- Even as the economic recovery gains momentum, dwindling wage growth is emerging as a bigger worry as this leads to tepid demand and resultant under-utilisation of capacity, further elongating the already-large output gap, according to a report. The households, which account for 44-45 per cent of the GVA, have witnessed their nominal wage growth declining to 5.7 per cent during FY17-FY21 from a high of 8.2 per cent during FY12-16, according to India Ratings.
- Area sown under pulses in the ongoing kharif season fell by 4.2 per cent to around 13.1 million hectares as on 9 September 2022, as compared to the same period a year ago, as per the National Food Security Mission (NFSM) dashboard. Among major pulses, area covered under arhar was down by 4.8 per cent, while urad and moong reported 4 per cent and 4.1 per cent decline in acreage, respectively.

Key Policy Announcements/ Notifications

Cabinet approves policy on long term leasing of Railways Land for implementing PM Gati Shakti framework (Cargo related activities, Public utilities & Railway's exclusive use)

<https://pib.gov.in/PressReleasePage.aspx?PRID=1857411>

Cabinet approves a new centrally sponsored Scheme - PM SHRI Schools (PM ScHools for Rising India)

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1857409>

Reports

India's External Debt: A Status Report, Ministry of Finance, September 2022

In its report, the Finance Ministry said that India's external debt of \$620.7 billion, as at end of March 2022, is sustainable and is being managed in a prudent manner. As at end-March 2022, it stood at \$620.7 billion, growing by 8.2 per cent over the level a year ago. External debt as a ratio to GDP (gross domestic product) was 19.9 per cent, while reserves to external debt ratio was 97.8 per cent. The sovereign debt at \$130.7 billion rose higher by 17.1 per cent over its level a year ago, mainly because of additional allocation of special drawing rights (SDR) by the IMF during 2021-22.

<https://dea.gov.in/sites/default/files/India%27s%20External%20Debt%20-%20A%20Status%20Report%202021-22.pdf>

Human Development Report 2021-22, UNDP, September 2022

India has ranked 132 of 191 countries on the 2021/22 Human Development Index (HDI), according to the United Nations Development Program (UNDP). In 2020, India was at 130. However, UNDP says the ranking cannot be comparable as in 2020, the HDI was measured for 189 countries, and this year, the value has been calculated for 191 countries. It also said India's latest rank reflects global trend as 9 out of 10 countries have fallen backward in human development in the face of multiple crises like Covid-19, the war in Ukraine and dangerous planetary changes.

<https://hdr.undp.org/content/human-development-report-2021-22>

Forthcoming Data Releases

Consumer Price Index, MoSPI, September 12, 2022

Index of Industrial Production, MoSPI, September 12, 2022

Foreign Trade, Ministry of Commerce & Industry, September 14, 2022*

Forex Reserves, Reserve Bank of India, September 16, 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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