

### Key Data Releases

#### Consumer Price Index (CPI)

- Retail price inflation, measured by the CPI rose to seven per cent in August 2022 from 6.7 per cent in July 2022. Inflation in rural India increased to 7.2 per cent from 6.8 per cent in July 2022, while that in urban India rose to 6.7 per cent from 6.5 per cent.
- At the all-India level, inflation in the food & beverages group rose once again to 7.6 per cent in August 2022 from 6.7 per cent in July 2022. Inflation in the fuel & light group eased to 10.8 per cent from 11.8 per cent in July 2022 and that in the clothing & footwear group inched up to 9.91 per cent from 9.85 per cent in the preceding month. Inflation in miscellaneous items at 5.95 per cent in August 2022 was only a shade higher than its July 2022 level of 5.91 per cent.

#### Index of Industrial Production (IIP)

- Industrial output, measured by IIP, rose by 2.4 per cent on a year-on-year basis in July 2022. This is slower than the 12.7 per cent growth recorded in the preceding month. It came on top of an 11.5 per cent growth registered in July 2021.
- In July 2022, output of mined products declined year-on-year by 3.3 per cent, while electricity generation increased by 2.3 per cent. The manufacturing sector reported a 3.2 per cent growth in production in July 2022.
- Among the use-based classification of IIP, output of primary goods rose by 2.5 per cent and that of intermediate goods rose by 3.6 per cent. Production of capital goods grew by 5.8 per cent and that of infrastructure/construction goods grew by 3.9 per cent. Among consumer goods, production of durables rose by 2.4 per cent, while that of non-durables declined by 2.0 per cent.

#### Foreign Trade

- India's merchandise exports rose y-o-y by 1.6 per cent to USD 33.9 billion in August 2022. POL exports rose by 22.8 per cent to USD 5.7 billion, but non-POL exports fell by 1.8 per cent to USD 28.2 billion in August 2022.
- At USD 61.9 billion in August 2022, India's merchandise imports were 37.3 per cent higher than the year-ago level. POL imports rose by 87.4 per cent to USD 17.7 billion and non-POL imports rose by 24 per cent to USD 44.2 billion in August 2022.
- Merchandise trade deficit widened to nearly USD 28 billion in August 2022 from USD 11.7 billion in August 2021.
- India's net earnings from services exports increased by 11.9 per cent to USD 9.6 billion in August 2022 as compared to the same month a year ago.

#### Wholesale Price Index (WPI)

- Wholesale price inflation, measured by the WPI, eased to 12.4 per cent in August 2022 from 13.9 per cent in July 2022. The fall in headline inflation was broad-based.
- Inflation in the manufactured products group fell to 7.5 per cent in August 2022 from 8.2 per cent in July 2022. Inflation in primary article prices inched down to 14.9 per cent from 15 per cent in July 2022, while that in power & fuel declined to 33.7 per cent from 43.8 per cent.

#### Foreign Exchange Reserves

- India's foreign exchange reserves fell by approximately USD 2.2 billion to USD 550.9 billion during the week ended 09 September 2022.

### Key Sectoral Insights

#### Food Processing

**FICCI-BCG:** India's food production industry is worth over USD 400 billion, however, the level of food processing across categories is significantly low, according to a report by the Boston Consulting Group (BCG) done in association with the Federation of Indian Chambers of Commerce & Industry (FICCI). The country's share of agri-production is 9.5 per cent globally, while its share in the export of overall food products is two-three per cent, with its share in the export of processed food category even lower at one-two per cent. The total agriculture and food related exports from India were valued at nearly \$50 billion in FY22. Some of the key challenges contributing to this trend include low-cost competitiveness, product quality concerns, limited brand strength in overseas markets, lack of infrastructure for processing, storage and logistics, as well as limited compliance to sustainability requirements.

#### Green Mobility

**ACMA-McKinsey:** The transition to electric vehicles (EVs) could reduce by 50 per cent component makers' bill of material (BoM) for the internal combustion engine, according to the report 'Transforming to be ahead of the Opportunity' by Auto Component Manufacturers Association and McKinsey Future of Mobility. The push for clean mobility is a cause for optimism, but corresponding growth in the adoption of EVs could disrupt the automotive landscape this decade. Europe and China will be frontrunners in the shift to EV and the world will follow suit. In India, the cost of ownership is likely to be more attractive for electric two- and three-wheelers than for passenger or heavy commercial vehicles (PV and HCV).

#### Retail

**Knight Frank:** Retail sales in shopping malls across top eight cities are expected to grow 29 per cent annually to reach USD 39 billion by 2027-28 fiscal on consumption growth and opening of new malls, according to the report 'Think India, Think Retail 2022 - Reinventing Indian Shopping Malls' by Knight Frank. The organized retail sales volume in the top 8 Indian cities is estimated to grow at a CAGR of 17 per cent from USD 52 billion in FY 2022 to USD 136 billion by FY 2028. In the same period, the potential retail sales in Indian malls are estimated to grow at a CAGR of 29 per cent in the FY2022-28 period reaching USD 39 billion by FY2028. Retail sales in malls across the top 8 cities -- Mumbai, National Capital Region (NCR), Bengaluru, Hyderabad, Chennai, Pune, Kolkata and Ahmedabad -- grew at a CAGR of about 3 per cent to reach USD 8 billion in FY2022.

### Upsides

- Formal sector hiring seems to be on the rise with India Inc hiring more after two years of the pandemic. According to the Flexi Staffing Industry Employment Growth report, for the first quarter of fiscal 2023, the staffing industry reported a 6.6 per cent growth in the April to June quarter on a sequential basis, adding 66,000 new flexi-workforce and registering a robust demand for flexi workforce after the third Covid wave. The staffing industry grew 28 per cent year on year, adding 2.33 lakh new formal contract workforce in the period between July 2021 to June 2022.
- Edible oil imports have risen by 35.3 per cent in August 2022 due to fall in edible oil prices in the global markets, as per reports. India's edible oil imports stood at 1.3 million tonnes in August 2022 as against 1.01 million tonnes imported in August 2021. The rise in edible oil imports from India had an immediate impact on Malaysian palm oil as benchmark futures on the Bursa Malaysian Derivatives Exchange rose by 5.8 per cent to 3,898 ringgits.
- India's overall export of agricultural and processed food products increased by 30 per cent to USD 9.6 billion during April-July 2022 as compared to the corresponding period of 2021-22, DGCI&S data showed. For 2022-23, an export target of USD 23.6 billion has been fixed for the agricultural and processed food products basket. Export of dairy products recorded a growth of 61.9 per cent to USD 247 million in the first four months of the current fiscal. Basmati rice exports increased by 29.1 per cent to USD 1.6 billion during April-July 2022 from USD 1.2 billion in April-July 2022, while exports of non-basmati rice rose by 9.2 per cent during the period under review to USD 2.1 billion.
- The demand for fast moving consumer goods (FMCG) has increased in rural India on the back of the festival season. After witnessing a negative sales value growth over the last few quarters, the FMCG industry recorded growth of 6.7 per cent in rural areas and 5.5 per cent growth in urban cities in August 2022. According to data from Bizom, a retail intelligence platform that tracks consumer goods sales from 7.5 million outlets. Rural sales decreased by 9.7 per cent while urban areas sales decreased by 3.6 per cent in July 2022.
- The overall revenue of Indian Railways at the end of August 2022 was Rs 95,486.58 crore, showing an increase of Rs 26,271.29 crore or 38 per cent over the corresponding period of last year. The revenue from passenger traffic was Rs 25,276.54 crore, an increase of Rs 13,574.44 crore (116 per cent) year-on-year. The other coaching revenue stood at Rs 2,437.42 crore, higher by Rs 811.82 crore (50 per cent) over the corresponding period of last year.
- Total advance tax collection grew by 22 per cent to Rs.1.8 trillion during July-September 2022 as compared to Rs.1.5 trillion tax collected in the same period a year ago, as per a government official. This is preliminary data and the final collection number is likely to be higher as payments are still getting reconciled. The official further stated that corporate advance tax collection for the quarter under review, rose by 22.6 per cent to Rs.1.3 trillion as compared to Rs.1.06 trillion mopped up during the corresponding period of the previous fiscal.

### Downsides

- India Ratings cut India's GDP forecast for FY23 to 6.9 per cent, joining other institutions who have cut their projections to below 7 per cent since the release of the April-June quarter GDP data. Fitch Ratings also slashed its India's economic growth (GDP) forecast for the current fiscal to 7 per cent from the previous estimate of 7.8 per cent. The global ratings agency expects the economy to grow 7 per cent in 2022-23, with the next financial year also slowing to 6.7 per cent from the earlier estimate of 7.4 per cent.
- Investments slowed down in India in August when the number of deals reduced by more than 40 per cent year-on-year. There were 131 deals in August 2022, compared to 219 in August 2021. The value of the deals was 52 per cent lower y-o-y. This August, the value was \$4,076 million. In August 2021, it was \$8,439 million. Considering the number of merger and acquisition (M&A) deals, this was the worst month since May 2020. M&A deals were down 43 per cent (YoY) in volume but 79 per cent higher in terms of value. Private equity (PE) deals saw a fall of 40 per cent in terms of volume and 67 per cent in terms of value.
- The pace of national highway construction in the country has slowed to 19 km per day during the first five months of the current financial year. While the pace of national highway (NH) construction in the country had touched a record 37 km per day in 2020-21, it had slowed to 28.64 km a day in 2021-22, due to pandemic-related disruptions and a longer-than-usual monsoon in some parts of the country. According to the ministry data, the award figure is 2,706 km during April-August this year, as compared to 3,261 km in the corresponding period a year ago.
- India's restrictions on rice exports have paralysed trading in Asia, with buyers scouring for alternative supplies from Vietnam, Thailand and Myanmar where seller are holding off on deals as prices rise. India, the world's biggest exporter of rice, banned shipments of broken rice and imposed a 20% duty on exports of various other types as the country tries to boost supplies and calm prices after below-average monsoon rainfall curtailed planting. Rice loading has stopped at Indian ports and nearly one million tonnes of grain are trapped there as buyers refuse to pay the government's new 20% export levy on top of the agreed contract price.
- Indian steel exports for August witnessed a 66 per cent drop, year-on-year (YoY) to 0.45 million tonnes (mt) with weaker orders across key markets in prime categories, and pricier offerings, continuing to be a worry for mills here. Exports in the year ago period was 1.33 mt.
- Area sown under pulses in the ongoing kharif season fell by 4.1 per cent to around 13.2 million hectares as on 16 September 2022. Among major pulses, area covered under arhar was down by 4.6 per cent, while urad and moong reported 3.9 per cent and 4 per cent decline in acreage, respectively.

### Key Policy Announcements/ Notifications

**Boards of PSEs can now take call on stake sale in units, joint ventures**

<https://dipam.gov.in/whatsnewlist#>

**384 Drugs included in NLEM 2022; 34 new drugs added**

<https://pib.gov.in/PressReleasePage.aspx?PRID=1858931>

**Rationalization of Health Insurance Business Returns- Irdai**

[https://www.irdai.gov.in/ADMINCMS/cms/frmwhats\\_List.aspx](https://www.irdai.gov.in/ADMINCMS/cms/frmwhats_List.aspx)

**Prime Minister launches National Logistics Policy**

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1860230>

**Centre allows international trade invoicing, payment in Indian rupee**

<https://www.businessworld.in/article/Centre-Permits-Worldwide-Trade-Invoicing-Payment-Settlement-In-Indian-Rupee/17-09-2022-447011/>

### Reports

**G20 Digital Economy Agenda for India, ORF, September 2022**

The role of digitalization in the global economy has become increasingly crucial as the dependency on digital technologies has surged amid the COVID-19 pandemic. The G20 has recognized the importance of maximizing benefits and minimizing challenges from the development of the digital economy. Over the years, it has sought to address several challenges resulting from the rapid digitalization of the economy. These include measuring the digital economy, e-commerce cooperation, consumer protection, and the digital divide. The G20 leaders have also reaffirmed the need for policies that create an enabling, open, inclusive, fair, and non-discriminatory digital economy. The report explores the evolution of the digital economy agenda under the G20's Sherpa Track from 2016 to 2022, traces India's digital economy agenda at the G20, and provides recommendations to expand its scope in the global context.

[https://www.orfonline.org/wp-content/uploads/2022/09/ORF\\_OP-365\\_India-G20-Digital-Economy.pdf](https://www.orfonline.org/wp-content/uploads/2022/09/ORF_OP-365_India-G20-Digital-Economy.pdf)

**OECD Employment Outlook 2022: Building Back More Inclusive Labour Markets, OECD, September 2022**

The 2022 edition of the OECD Employment Outlook reviews the key labour market and social challenges for a more inclusive post-COVID-19 recovery. It also examines the policies to address these challenges and the outlook ahead. Particular attention is given to frontline workers and groups lagging behind in this recovery (young people, workers with less education, and racial/ethnic minorities). The Outlook also addresses a number of long-standing structural issues that have a key relevance for labour market inclusiveness, such as employer market power and its labour market consequences, the role of firms in wage inequality, and the effect of working time policies on well-being and economic outcomes.

[https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2022\\_1bb305a6-en](https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2022_1bb305a6-en)

**Is a global recession Imminent?, World Bank**

Since the beginning of the year, a rapid deterioration of growth prospects, coupled with rising inflation and tightening financing conditions, has ignited a debate about the possibility of a global recession—a contraction in global per capita GDP. Drawing on insights gained from previous global recessions, this study presents a systematic analysis of the recent evolution of economic activity and policies, and a model-based assessment of possible near-term macroeconomic outcomes.

<https://openknowledge.worldbank.org/bitstream/handle/10986/38019/Global-Recession.pdf>

### Forthcoming Data Releases

Consumer Price Index (AI/TL) Labour Bureau, September 20, 2022\*

Forex Reserves, Reserve Bank of India, September 23, 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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