

Key Data Releases

Consumer Price Index- AL/ RL

- Rural India witnessed higher inflation in August 2022 compared to the preceding month. Retail price inflation for agricultural labourers, measured by the CPI-AL, rose to 6.9 per cent in August 2022 from 6.6 per cent in July 2022.
- Similarly, inflation for rural laborers, measured by the CPI-RL, increased to 7.3 per cent in August 2022 from 6.8 per cent in July 2022. Food inflation for both, agricultural and rural labourers shot up to 6.2 per cent from 5.4 per cent in July 2022.

Foreign Exchange Reserves

- India's foreign exchange reserves fell by approximately USD 5.2 billion to USD 545.7 billion during the week ended 16 September 2022.

Key Sectoral Insights

Telecom

Ookla: An August Speedtest Global Index report by Ookla reveals that India decreased seven spots in rank globally for overall median fixed broadband speeds, from 71st in July to 78th for the month of August 2022. However, the country maintained its global ranking for median mobile speeds at 117th position. Overall, India witnessed a slight increase in median mobile download speeds from 13.41 Mbps to 13.52 Mbps and overall fixed median download speeds from 48.04 Mbps to 48.29 in the month of August from the previous month.

White Goods

Crisil: Share of large-sized panel televisions (40-inch and above) has tripled to over 40 per cent of the overall market in the past five years and is expected to cross 50 per cent by 2027, according to a report by Crisil. This is led by a combination of tailwinds such as reduction in prices, rising incomes, increasing internet penetration, higher bandwidth availability and shift in viewing habits expanding segment as rising consumption of Over-The-Top (OTT) streaming, it said. The report further stated that the pandemic has changed family viewing habits and the rise in fibre-to-the-home services will further improve broadband services, thereby aiding the adoption of larger panel Televisions (TVs).

Upsides

- India witnessed net foreign investment inflows of USD 5.6 billion in July 2022, as against net outflows of USD 2.9 billion in the preceding month. Net inflows of foreign direct investment (FDI) rose to USD 5.2 billion from USD 3.8 billion in June 2022. Foreign portfolio investments (FPI) witnessed net dollar inflows of USD 362 million in July 2022, as against net outflows of USD 6.6 billion in June 2022.
- Clothing and lifestyle retailers as well as malls said they are seeing a record growth in sales in the past few weeks despite the inauspicious shraadh period and expect demand at a decadal high during the festive season starting with Navratri next week. The massive wardrobe refresh after the reopening of office and social gatherings helped. Mall operators also attributed the surge to this being the first normal festive period after two years of Covid stress. Retail businesses across India reported a growth of 15% in sales in August compared with pre-pandemic levels (August 2019), according to a survey by the Retailers Association of India (RAI).
- Gold loan non-banking financial companies have seen up to 12% uptick in credit demand from the farming sector in the ongoing kharif season. Paddy, fish farming and shrimp farming have led the increase in credit demand. The economic rebound and the prospect of above normal monsoon have brightened the prospects.

Downsides

- The Ministry of Agriculture and Farmers Welfare has released the first advance estimates of production of major kharif crops for 2022-23. The data shows that the country's foodgrain production is likely to fall by 3.9 per cent to 149.92 million tonnes in the ongoing kharif season as compared to the fourth advance estimate of 156.04 million tonnes for kharif 2021-22 season. Rice production in the current kharif season is expected to decline by around six per cent to 104.99 million tonnes. Output of oilseeds is estimated to contract by 37.4 per cent to 23.57 million tonnes and that of cotton is estimated to rise by 9.6 per cent to 34.19 million bales (of 170 kg each). Sugarcane production is estimated to grow by a handsome 7.7 per cent to 465 million tonnes.
- While demand for fast moving consumer goods (FMCG) increased during the festive season, consumption of beverages and homecare products decreased. During the past three months, packaged food, personal care, confectionery and commodities have witnessed growth in sales. Sales of homecare products saw a drop of 11.1 per cent in August 2022, according to data from Bizom, a retail intelligence platform that tracks consumer product sales from 7.5 million outlets

Upsides

- Retirement fund body EPFO added 18.23 lakh new subscribers in July 2022, registering a 24.48 per cent rise as compared to the year-ago period, according to official data. The provisional payroll data of Employees' Provident Fund Organization (EPFO) highlighted that of the total new members added in July, around 10.58 lakh members have come under the social security cover of EPFO for the first time, a labor ministry statement said. The data of new members joining EPFO has shown a growing trend since April 2022, it said. Out of 10.58 lakh new members added, approximately 57.69 per cent are in the age group of 18-25 years. This shows that first-time job seekers are joining the organized sector workforce in large numbers following their education and new jobs in the organized sector are largely going to the youth of the country.

- The gross collection of direct taxes (before adjusting for refunds) for FY 2022-23 stands at Rs 8,36,225 crore compared to Rs 6,42,287 crore in the corresponding period of preceding financial year i.e. 2021-22, registering a growth of 30 per cent over collections of 2021-22. The cumulative advance tax collections for April-September stand at Rs 2,95,308 crore as on September 17, up 17 per cent over the year-ago period. Gross collection of Rs 8.36 lakh crore includes Corporate Income Tax at Rs 4.36 lakh crore and Personal Income Tax (PIT), including Securities Transaction Tax at Rs 3.98 lakh crore.

- India received 43.6 millimeters rainfall during the week ended 21 September 2022. This was 17 per cent higher than the long period average (LPA). Of 36 meteorological subdivisions, seven received normal rainfall (up to 19 per cent below or above LPA). Four subdivisions received excess rainfall (20-59 per cent above LPA) and 10 subdivisions received large excess rainfall (60 per cent or more above LPA). Of the remaining, eight subdivisions received deficient rainfall (20-59 per cent below LPA), while large rainfall deficiency (60 per cent or more below LPA) was seen in seven subdivisions. Cumulative rainfall during 1 June-21 September 2022 amounted to 884.2 millimeters, seven per cent higher than the LPA.

- The government tweaked the Rs 76,000 crore incentive scheme for semiconductors and display manufacturing units, offering to give 50 per cent of the project cost across all categories of factories as it looks to woo global players such as Intel to set up production base in India to help cut reliance on imports.

- Advance booking trends at various travel and hospitality companies show that travel sentiment is at an all time high. Advance bookings for the festive season 2022 have surpassed bookings during the festive season in 2019 by over 12 per cent, according to MakeMyTrip and Golbibo. There has been a surge in overseas travel demand for Europe, Australia and Qatar during the period of September to November 2022, according to SOTC Travel. Occupancies for the December 2022 quarter have crossed 85 per cent as per existing business on the books, according to Mahindra Holidays and Resorts India.

Downsides

- The US ban on textiles originating from the Xinjiang province of China has compounded the problems for India's cotton yarn spinning industry, with half of the mills becoming idle in the past four to five months. The Chinese yarn that can't go to the US is now finding its way into the Indian market at cheaper rates, further reducing demand for expensive domestic Indian cotton yarn that has already been down. Indian cotton has been one of the cheapest in the world till September 2021, when Indian as well as global cotton prices started rising. In September 2021, prices were around ₹51,000 a candy (of 356 kg). Then it reached around ₹1.1 lakh by April this year. During these seven months, the pace of increase of Indian cotton prices was much faster than that of global cotton, which made Indian yarn uncompetitive.

- The government has said the country's mineral production declined by 3.3 per cent in July 2022 over the same month a year ago. The index of mineral production of mining and quarrying sector for the month stood at 101.1, which is 3.3 per cent lower as compared to the level in July last year, the mines ministry said in a statement. As per the provisional statistics of the Indian Bureau of Mines (IBM), the cumulative growth during the April-July period of the ongoing fiscal over the corresponding period of previous year stood at 6.1 per cent. The output of important minerals in July includes coal at 603 lakh tonnes, lignite 33 lakh tonnes, natural gas (utilised) 2,811 million cubic metres, petroleum (crude) 25 lakh tonnes, bauxite 1,526 thousand tonnes, chromite 192 thousand tonnes and gold 93 kg, among others.

- Seven out of the total 16 coal blocks issued to state-owned power sector entities or PSUs like National Thermal Power Corporation (NTPC), Damodar Valley Corporation (DVC), Neyveli Lignite Corporation (NLC), THDC (a mini-Ratna company under NTPC) and Patratu Vidyut Utpadan Nigam Ltd (PVUNL - a joint venture between NTPC and JBVNL) are yet to start or have just started production, even more than seven years after their allotment. This is despite the fact that coal blocks were allotted to these power sector PSUs back in March 2015 to fulfil their shortage of dry fuel, as India's largest coal producer, Coal India Ltd (CIL), on its own, could not completely meet their requirements. Reasons like delay in land acquisition, environment and forest clearances, non-availability of land records as well as law and order issues are the main reasons behind lack of work in these coal blocks.

- Liquidity in the banking system has swung into deficit mode after remaining in surplus mode for almost 40 months. The change in the liquidity situation has come due to advance tax outflows for the second quarter. This also nudged up call money rate temporarily above the repo rate.

- India's natural gas consumption fell 10% in August from a year ago, driven by lower production at home and a sharp drop in pricey imports. Consumption fell to 5.2 billion cubic metres (BCM) from 5.8 BCM in the year-ago period. Import of liquefied natural gas (LNG) fell 19% to 2.37 BCM in August on high prices and limited availability in the spot market. Indian gas importers are unable to source LNG from the spot market as most supplies are headed to Europe where buyers are willing to offer record-high prices ahead of winter amid sharp supply curbs from Russia.

Key Policy Announcements/ Notifications

Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017

<https://ibbi.gov.in/uploads/press/03d27e5e5dc4803aeda40f44e0050152.pdf>

Draft Indian Telecommunication Bill, 2022

<https://dot.gov.in/sites/default/files/Draft%20Indian%20Telecommunication%20Bill%2C%202022.pdf>

Cabinet approves Production Linked Incentive Scheme on 'National programme on High Efficiency Solar PV Modules'

<https://pib.gov.in/PressReleaseframePage.aspx?PRID=1861128>

Amendment in India's export policy on Rice

<https://pib.gov.in/PressReleasePage.aspx?PRID=1861558>

National Logistics Policy 2022

<https://pib.gov.in/PressReleasePage.aspx?PRID=1861133>

Cabinet approves modifications in "Programme for Development of Semiconductors and Display Manufacturing Ecosystem in India"

<https://pib.gov.in/PressReleasePage.aspx?PRID=1861129>

Centre notifies new Medical Device Rules to smoothen licensing procedure

https://cdsco.gov.in/opencms/opencms/system/modules/CDS.CO.WEB/elements/download_file_division.jsp?num_id=OTA0MQ==

Reports

Asian Development Outlook 2022 Update: Entrepreneurship in the Digital Age, Asian Development Bank, September 2022

In this report, ADB has lowered its forecasts for economic growth in developing Asia and the Pacific to 4.3% in 2022 and 4.9% in 2023, amid mounting challenges. The region's economy is expected to grow 4.3% this year, compared with ADB's projection in April of a 5.2% expansion, while the growth forecast for next year is lowered to 4.9% from 5.3%. The downward revisions have been driven by increased monetary tightening by central banks, fallout from the protracted Russian invasion of Ukraine, and recurrent COVID-19 lockdowns in the People's Republic of China. Inflation in developing Asia this year is likely to reach 4.5%, up from ADB's earlier projection of 3.7%. The forecast for 2023 is 4.0%, up from 3.1%. While inflation in the region remains lower than elsewhere, supply disruptions continue to push up food and fuel prices. The report's theme chapter looks at the role of entrepreneurship in achieving inclusive growth, and how governments in the region can create a more enabling environment for digital entrepreneurs. ADB slashed India's GDP growth forecast for FY23 to 7.0 per cent from the earlier estimate of 7.2 per cent mainly on account of higher inflation and a tight monetary policy.

<https://www.adb.org/publications/asian-development-outlook-2022-update>

10th EY Future Consumer Index, Ernst & Young, September 2022

Indian consumers are feeling the pinch of inflation, as per the 10th edition of the EY Future Consumer Index. The rising cost concern is affecting most consumers from all income levels, but more so in the higher income group at 82 per cent, followed by the middle class at 72 per cent and low income at 67 per cent. Overall, as many as 69 per cent of Indian consumers consider rising costs as a concern. However, they remain positive about the country's economic growth, with 71 per cent stating that the economy will recover within a year.

https://www.ey.com/en_gl/consumer-products-retail/future-consumer-index-in-crisis-but-in-control

Forthcoming Data Releases

Eight Core Index, Ministry of Commerce & Industry, September 30, 2022

Consumer Price Index- Industrial Workers, Labour Bureau, September 30, 2022

Balance of Payments, Reserve Bank of India, September 30, 2022

Public Finance, Controller General of Accounts, September 30, 2022

Forex Reserves, Reserve Bank of India, September 30, 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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