

Key Data Releases

Consumer Price Index

- Consumer Price Index based inflation inched up to 7.4 percent in September 2022, vis-à-vis 7.0 percent inflation recorded in August 2022.
- There was an increase in inflation levels for all the major constituents of the CPI, except fuel & light. Inflation in the fuel & light sub-segment witnessed a marginal decline from 10.8 percent in August 2022 to 10.4 percent in September 2022.
- Inflation in the food & beverages and clothing segments was recorded at 8.4 percent and 10.2 percent respectively in September 2022, vis-à-vis 7.6 percent and 9.9 percent respectively seen in the month of August 2022.
- The sub-segments of housing, and pan, tobacco & intoxicants, and miscellaneous reported inflation levels of 4.6 percent, 2.0 percent, and 6.1 percent, respectively in September 2022. The corresponding figures for August 2022 stood at 10.8 percent, 4.1 percent, 2.0 percent, and 6.1 percent, respectively.

Wholesale Price Index

- Wholesale price inflation, measured by the WPI, fell to 10.7 per cent in September 2022. The Wholesale Price Index-based inflation was 12.4 per cent in August and 11.8 per cent in September last year. The WPI had touched a record high of 15.88 per cent in May 2022.
- Inflation in food articles in September eased to 11.03 per cent, against 12.37 per cent in August. However, inflation in vegetables rose to 39.66 per cent during the month, as against 22.29 per cent in August.
- In the fuel and power basket, inflation came in lower at 32.61 per cent in September, against 33.67 per cent in August.
- In manufactured products inflation was recorded at 6.34 per cent.

Index of Industrial Production

- The index of industrial production reported a contraction of 0.8 percent y-o-y in August 2022 as compared to y-o-y growth of 2.2 percent registered in July 2022.
- According to the economic activity wise classification of the industrial production index, mining & quarrying sector noted a y-o-y decline of 3.9 percent in August 2022 compared with a 3.4 percentage decline in July 2022, while manufacturing output contracted by 0.7 percent y-o-y, vis-à-vis a growth of 3.0 percent y-o-y in the previous month. The electricity sector witnessed marginal growth of 1.4 percent y-o-y in August 2022 compared with 2.3 percent in the previous month.
- As per the use-based classification, the consumer goods and its sub-segments viz consumer durables and non-durables registered a contraction in output by 6.8 percent, 2.5 percent, and 9.9 percent y-o-y, respectively in August 2022. The remaining segments viz primary goods, capital goods, intermediate goods, and infrastructure goods, grew marginally at 1.7 percent, 5.1 percent, 0.6 percent, and 1.7 percent y-o-y in August 2022, respectively.

Foreign Trade

- India's merchandise exports rose year-on-year by 4.8 per cent to USD 35.4 billion in September 2022. POL exports rose by 43 per cent to USD 7.4 billion, but non-POL exports fell by 2.1 per cent to USD 28 billion in September 2022. At USD 61.2 billion in September 2022, India's merchandise imports were 8.7 per cent higher than the year-ago level.

Foreign Exchange Reserves

- India's foreign exchange reserves increased marginally by approximately USD 204 million to USD 532.9 billion during the week ended 07 October 2022.

Key Sectoral Insights

Business Process Management

Nasscom: The Indian Business Process Management (BPM) industry, with revenues pegged at USD 44 billion, experienced double-digit growth of over 14 per cent in FY22 as compared to FY21, according to Nasscom report titled 'The Evolution of BPM Services: Cost, Outcomes, and Growth'. It accounts for nearly 40 per cent of global sourcing spend. India's BPM sector has evolved in terms of service portfolio expansion, value propositions and business models. The segment has continued its transformation, building new value offerings for global clients to help them with scale and efficiency.

Space

EY-ISpA: India's space economy is likely to be worth nearly USD 13 billion by 2025, with the satellite launch services segment set to witness the fastest growth spurred by increasing private participation, according to a report titled 'Developing the Space Ecosystem in India: Focusing on Inclusive Growth' by the Indian Space Association (ISpA) and Ernst and Young. The growing demand for smaller satellites is set to boost satellite manufacturing in the country and will attract global start-ups in the sector to help incubate space tech companies here. India's space economy was pegged at USD 9.6 billion in 2020 and is expected to touch USD 12.8 billion by 2025. In dollar terms, the satellite services and applications segment would be the largest with a turnover of USD 4.6 billion by 2025, followed by ground segment at USD 4 billion, satellite manufacturing at USD 3.2 billion and launch services at USD 1 billion.

Retail

Bain & Company: India's e-retail market is estimated to increase to USD 150 billion–USD 170 billion by 2027. This implies that 25 per cent–30 per cent annual growth and a doubling of market penetration to 9 per cent–10 per cent over the next five years, according to a report titled 'How India Shops Online 2022' by Bain & Company made in collaboration with Flipkart. The report said that India is well poised to surpass the US to have the second-largest shopper base (only behind China) in the next one to two years. Shopper addition will continue to be at the heart of future e-retail growth. India's online shopper base is estimated to increase to 400–450 million by 2027, according to the report.

Upsides

- The index of consumer sentiments rose by a robust 7.1% to a 30-month high in September which was the month packed with festivities across the nation, the Centre for Monitoring Indian Economy said. As per the CMIE’s Consumer Pyramids Household Survey (CPHS), the unemployment rate dropped to a four-year low of 6.3% and the index of consumer sentiments rose to a 30-month high by 7.1% in September. While the urban consumer sentiments rose by 9.3%, the rural sentiments were up by 5.6% with the respective indices of consumer sentiments in both urban and rural India being at their highest in 30 months.
- The cumulative transaction value of goods and services bought by government ministries from MSMEs through the GeM portal grew 116 per cent to Rs 3.11 lakh crore from Rs 1.44 lakh crore during October last year. In comparison to pre-Covid transaction value, which stood at Rs 35,462 crore during October 2019, the growth has been nearly 800 per cent, indicating Covid-led tailwinds fueling the government’s purchases from MSMEs through the GeM portal launched in August 2016.
- Automobile sales increased across categories last month, as manufacturers dispatched more vehicles to dealerships to meet customer demand during the festive season. According to data available with industry body Society of Indian Automobile Manufacturers (SIAM), 3,07,389 passenger vehicles were sold in September, nearly double the year-ago month's sales of 1,60,212 units. Sales had been affected last year due to a global shortage of semiconductors, a key component in modern vehicles, forcing automakers to cut production.
- Monthly mobile phone exports from India touched the \$1-billion mark (over ₹8,200 crore) for the first time ever in September. They were boosted by the government’s production-linked incentive (PLI) scheme, which has pushed global players such as Apple and Samsung to increase local production for the domestic as well as overseas markets. Exports for April-September more than doubled to \$4.2 billion, from \$1.7 billion in the corresponding period of 2021. Previously, the highest monthly export of cellphones was in December 2021, when devices worth \$770 million were shipped. Exports hovered around \$700 million each month during June-August this year.
- The total gross exports of gems and jewellery increased by 6.31 per cent from April-September 2022 to USD 20,580.11 million, as compared to USD 19,359.01 million during April -September 2021. According to a media release issued by the Gems & Jewellery Export Promotion Council (GJEPC), the gems & jewellery industry managed to achieve 45 per cent of the overall export target of USD 45.7 billion for the year 2022-23. The gems & jewellery exports increased by 16.66 per cent to USD 3,765.51 million in September 2022, as compared to USD 3,227.63 million in September 2021.
- Sales volumes of tractors rose from 105,155 numbers in September 2021 to 125,006 numbers in September 2022. This represented a 18.9 per cent growth in sales volumes. During April-September 2022, a total of 557,626 numbers of tractors was sold. This is 10.8 per cent higher compared to 503,129 numbers of tractors sold during April-September 2021.

Downsides

- India's pace of building national highways nearly halved in the first six months of this financial year to 19.44 kilometres a day from record 37 kms per day constructed in fiscal year 2021, according to official data. The pace of highway construction was at 28.64 kms a day in 2021-22, amid the pandemic-related disruptions and a longer-than-usual monsoon in some areas of the country. The ministry has constructed 3,559 KMs of National Highways up to September in 2022-23 as compared to 3,824 KMs constructed up to September in 2021-22.
- India's exports to the US contracted 10.7% on-year in September while those to China shrank 45.8% as the country's overall shipments plummeted 3.5% last month with job-creating sectors such as engineering, garments and cotton yarn being the worst hit. As per the analysis by the commerce and industry ministry, merchandise exports declined for six of the top 10 markets including the UAE and Bangladesh and 18 of the top 30 major commodities.
- Indian startups raised USD 3 billion in Q3 2022 (July-Sept), which was 57 per cent lower as compared to the previous quarter, according to Tracxn, the technology-led market intelligence platform. Q3 2022 witnessed \$3 billion in funding, which is 57 per cent lower from Q2 2022 and 80 per cent lower than the peak funding of USD 14.9 billion received in the same quarter last year. The average ticket size also witnessed a drop across all funding stages, with the late stage seeing the biggest fall of over 70 per cent, from USD 142 million in Q3 of 2021 to USD 42 million in Q3 of 2022. This is indicating that investors are not willing to make large investments until economic conditions stabilize.
- Foreign currency loans raised by Indian companies nosedived to USD 210 million in the September quarter (Q2), 93.3 per cent less than the year-ago period when five firms raised USD 3.1 billion. The Q2 amount is the lowest since December 2003 when India Inc raised USD 191 million. Companies cited volatility in the currency markets, sharp rise in interest rates in the United States, and fund availability in India as the main reasons behind the sharp fall.

Key Policy Announcements/ Notifications

Cabinet approves new Scheme “Prime Minister’s Development Initiative for North East Region (PM-DevINE) for the remaining four years of the 15th Finance Commission from 2022-23 to 2025-26

<https://pib.gov.in/PressReleasePage.aspx?PRID=1867079>

Amounts received as claims from credit guarantee company to be exempt from CRR, SLR

<https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12403&Mode=0>

RBI raises minimum capital requirement for ARCs, widens scope of their activity

<https://rbi.org.in/scripts/NotificationUser.aspx?id=12399&Mode=0>

Reports

World Economic Outlook: Countering the Cost-of-Living Crisis, International Monetary Fund, October 2022

According to the IMF report, global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia’s invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024.

<https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022>

LEADS: Logistics Ease Across Different States, Ministry of Commerce & Industry, October 2022

Andhra Pradesh, Assam and Gujarat are among the 15 states and UTs categorized as achievers in the logistics index chart 2022, according to the LEADS report. The index is an indicator of the efficiency of logistical services necessary for promoting exports and economic growth. Kerala, Madhya Pradesh, Rajasthan, Puducherry, Sikkim and Tripura are the other states categorized as fast movers in the ranking. The 15 states and UTs ranked in the aspirers category include Bihar, Chhattisgarh, Goa and Mizoram. The report ranks the states on the basis of their logistics ecosystem, highlights the key logistics-related challenges faced by the stakeholders and includes suggestive recommendations.

<https://pib.gov.in/PressReleasePage.aspx?PRID=1867442>

Forthcoming Data Releases

CPI (AL/RL), Labour Bureau, October 20, 2022*

Forex Reserves, Reserve Bank of India, October 21, 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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