

Key Data Releases

Consumer Price Index (AL/RL)

- Consumer Price Index Number for Agricultural Labourers (CPI-AL) rose to 7.69 per cent and Rural Labourers (CPI-RL) to 7.9 per cent in September 2022 compared to 6.94 per cent and 7.26 per cent, respectively in August. It was much lower at 2.89 per cent and 3.16 per cent, respectively in September 2021.
- Food inflation stood at 7.47 per cent for farm workers in September 2022 as against 6.16 per cent in August this year and 0.5 per cent in September 2021.
- For rural labour, food inflation increased to 7.52 per cent in September from 6.21 per cent in August and 0.7 per cent in September 2021.

Foreign Investment

- India witnessed net foreign investment inflows of USD 7.8 billion in August 2022, as compared to net inflows of USD 5.7 billion in the preceding month. Net inflows of foreign direct investment (FDI) fell to USD 305 million from USD 5.4 billion in July 2022. Net inflows of foreign portfolio investment (FPI), on the other hand, rose to USD 7.4 billion from USD 362 million in July 2022.
- During April-August 2022, net foreign investment inflows amounted to USD 12.5 billion, with net FDI inflows of USD 19.3 billion and net FPI outflows of USD 6.7 billion.

Foreign Exchange Reserves

- India's foreign exchange reserves decreased by approximately USD 4.5 billion to USD 528.4 billion during the week ended 14 October 2022.

Key Sectoral Insights

Automotive

Grant Thornton Bharat: There is an uptick in the demand for passenger vehicles this festive season, with preference leaning towards sports utility vehicles (SUVs) and hybrid models, according to Grant Thornton Bharat's auto survey. With a 34 per cent year-on-year growth in vehicle sales in H1FY23, the passenger vehicle industry is gradually resurging from the pandemic. Ease in supply chain, a marked improvement in demand propelled by post pandemic festive sentiment and need for personal mobility are driving the sector. There is also an increased affinity towards electric and hybrid vehicles, suggesting that the industry is on the cusp of disruption, led by EVs and alternative fuel sources. As per the survey findings on the kind of vehicles people plan to buy, SUVs topped the charts with 31 per cent, followed by compact cars at 28 per cent. There has been a five times growth in preference for SUVs compared with last year.

Banking

CareEdge: Non-banking financial companies (NBFCs) in the microfinance sector (NBFC-MFIs) are expected to see a 30 per cent year-on-year (YoY) growth in their loan book in the financial year 2022-23 on the back of a resurgence in demand for micro loans, especially from Tier-III cities, according to CareEdge. The gross loan portfolio of NBFC-MFIs in the current fiscal is likely to hit Rs 81,215 crore mark vis-à-vis Rs 61,341 crore in FY22 that saw 17 per cent YoY growth, the company said based on data from its sample set of NBFC-MFIs. The YoY growth in NBFC-MFIs loan book had peaked at 66 per cent in FY18 (during the FY17-23 period) before it slipped to 14 per cent in FY21 amid Covid. The recovery began in FY22 supported by strong disbursements in the latter part of the fiscal, shrugging off negative growth and the halt in business operations witnessed in Q1FY22 owing to the second wave of the pandemic.

Infrastructure/Real Estate

Colliers India: Leasing of industrial and warehousing space rose 9 per cent during January-September to 17.5 million square feet across five cities on better demand, according to Colliers India. The gross leasing stood at 16 million square feet across five major cities in the year-ago period. As per the data, the leasing of industrial and warehousing space in Bengaluru rose 2 per cent to 2.3 million square feet in January-September from 2.2 million square feet in the year-ago period. Chennai saw a 31 per cent decline in leasing to 2.2 million square feet from 3.1 million square feet. The leasing of industrial and warehousing in Delhi-NCR rose 42 per cent to 6.8 million square feet in January-September from 4.8 million square feet a year ago. In Mumbai, the leasing went up by 39 per cent to 2.6 million square feet from 1.9 million square feet. Leasing of industrial and warehousing space in Pune fell 11 per cent to 3.6 million square feet during January-September from 4 million square feet in the corresponding period of the previous year.

Magic Bricks: Aggregate rental demand across 13 cities in India increased by 29 percent year-on-year and the average rent across India increased by 5.2 percent quarter-on-quarter in the September 2022 quarter, according to Magicbricks Rental Index. The pan-India rental housing availability declined by 9.8 per cent quarter-on-quarter across the 13 Indian cities that were mapped.

Upsides

▪The rate of growth in bank credit to retail and wholesale trade more than doubled to 16.9 per cent in August this year from 7 per cent during the year-ago period, according to the Reserve Bank of India (RBI). Rs 7.31 lakh crore in aggregate credit was deployed to retail and wholesale trade during the month vis-a-vis Rs 6.26 lakh crore deployed in August last year. The 52 per cent or Rs 3.81 lakh crore of the aggregate loan amount went to wholesale traders (other than those involved in food procurement) while the remaining 48 per cent or Rs 3.50 lakh crore was deployed to retail traders. The credit deployment to wholesale trade during August was up by 17.6 per cent from Rs 3.24 lakh crore deployed during August last year. For retail trade, the credit growth stood at 16 per cent from Rs 3.01 lakh crore loan deployed in August 2021.

▪India's fuel sales soared in the first half of October with an across-the-board surge in transportation fuel demand on the back of the economic activity picking up as festival season kicked in, preliminary industry data showed. Petrol and diesel sales jumped 22-26 per cent year-on-year while also rising month-on-month in the first half of October. Petrol sales soared 22.7 per cent to 1.28 million tonne during October 1-15 when compared to 1.05 million tonne of consumption in the same period last year. Sales were 31 per cent higher than COVID-marred first half of October 2020 and 33.4 per cent more than pre-pandemic October 1-15, 2019. Demand was 1.3 per cent higher than the first half of September 2022. Diesel, the most used fuel in the country, posted a near 27 per cent rise in sales in the first fortnight of October to 3.08 million tonne when compared to the same period last year. Consumption was up 16 per cent over October 1-15, 2020 and 26.6 per cent higher than pre-COVID 2019. The fuel, which had seen a near 5 per cent drop in sales in August before a rebound in the following month, saw demand rise 6.9 per cent month-on-month.

▪Passenger vehicle exports from India increased 2 per cent in the second quarter, with Maruti Suzuki India leading the segment with dispatches of over 1.31 lakh units, as per the latest data by Society of Indian Automobile Manufacturers. The total passenger vehicle (PV) exports stood at 1,60,590 units in the July-September period as compared with 1,57,551 units in the same period a year ago. Utility vehicle exports rose 16 per cent at 63,016 units during the period under review, data by the Society of Indian Automobile Manufacturers (SIAM) showed.

▪ Total balance under the Pradhan Mantri Jan Dhan Yojana (PMJDY) as on 5 October 2022, crossed Rs.1.75 trillion, according to the latest data published by the government. Total beneficiaries under the scheme stood at 450 million of which around 261.6 million were woman account holders. Majority of the account holders were from rural and semi-urban areas. In August 2021, total beneficiaries were around 430 million with total deposits of Rs.1.46 trillion.

Downsides

▪The number of fresh formal jobs created in August fell below the 1-million mark for the first time in five months, declining 11.9 per cent from July levels, according to the latest payroll data latest released by the Employees' Provident Fund Organisation. New Employees' Provident Fund (EPF) subscribers in August saw a sharp decline to 986,850, from 1,119,698 in July. Enrolment of new female subscribers fell faster (12.5 per cent) than their male counterparts (11.6 per cent) in August, compared with the previous month.

▪Corporate deal activity witnessed a 66 per cent decline in deal value in the July-September quarter to USD 10.2 billion (\$29.8 billion), weighed down by the absence of big-ticket transactions for the quarter under review, a new report by Grant Thornton Bharat showed. This deal value of USD 10.2 billion is the second-lowest quarterly value seen in the last five years. There were fewer big-ticket transactions owing to a cautionary approach by the strategic and financial investors driven by macroeconomic factors, including inflation pressures and rate hikes, said the Dealtracker September 2022 report.

▪Corporate funding in the global solar sector declined by 18 per cent year-on-year to USD 18.7 billion in January-September 2022, according to a Mercom Capital report. Corporate funding includes venture capital and private equity (VC), debt financing, and public market financing. Total corporate funding in 9M 2022 (first nine months) stood at USD 18.7 billion, 18 per cent lower compared to USD 22.8 billion raised in 9M 2021.

▪Private equity investments in retail real estate space fell 63 per cent to USD 303 million during January-September as investors were concerned about possible impact of high inflation on consumption, according to Knight Frank. The private equity investments in retail stood at USD 817 million in the corresponding period of the last year. Investors avoided the retail sector due to concerns about the potential negative effects a high inflation environment would have on the sector, real estate consultant Knight Frank India said in a report 'Trends in Private Equity Investments in India (9Month 2022). However, the consultant felt that the retail sector would continue to observe capital commitments from investment platforms that remain bullish on its growth prospects.

▪Exposure to higher temperatures and resulting reduction of working hours led to substantial income losses in services, manufacturing, agriculture and construction sectors in 2021, according to the Climate Transparency Report 2022. For India, this income loss has been estimated at 5.4 per cent of GDP or USD 159 billion. Heat exposure in the country led to the loss of 167 billion potential labor hours, a 39 per cent increase from 1990-1999. Climate change-induced extreme weather events such as cyclones, flash floods, floods and landslides caused damage to crops in over 36 million hectares between 2016-2021. As per the report, this amounts to USD 3.75 billion loss for farmers in the country.

Key Policy Announcements/ Notifications

MSME enterprises to continue to avail of all non-tax benefits of the category it was in before the re-classification, for a period of three years from the date of such upward change

<https://pib.gov.in/PressReleasePage.aspx?PRID=1869091>

Master Directions – Priority Sector Lending (PSL) – Targets and Classification

https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959

Pradhan Mantri Bhartiya Jan Urvarak Pariyojana - One Nation One Fertiliser launched

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1868463>

75 Digital Banking Units across 75 districts launched

<https://pib.gov.in/PressReleasePage.aspx?PRID=1868226>

Reports

Multidimensional Poverty Index, UNDP-OPHI, October 2022

The number of poor people in India fell by about 415 million between 2005-06 and 2019-21, a “historic change” and a demonstration that the Sustainable Development Goal target of reducing at least by half the proportion of men, women and children of all ages living in poverty by 2030 is possible to achieve, even at a large scale, according to the Multidimensional Poverty Index (MPI). In India, 415 million people exited poverty between 2005/06 and 2019/21. It demonstrates that the Sustainable Development Goal target 1.2 of reducing at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions by 2030 is possible to achieve — and at scale. The report said based on 2020 population data for India, it has by far the largest number of poor people worldwide (228.9 million), followed by Nigeria (96.7 million projected in 2020).

<https://hdr.undp.org/content/2022-global-multidimensional-poverty-index-mpi#/indicies/MPI>

Global Pension Index 2022, Mercer, October 2022

The Mercer CFA Institute Global Pension Index benchmarks 44 retirement income systems around the world, highlighting challenges and opportunities within each. The index is made up of three sub-indices – adequacy, sustainability and integrity – to measure each retirement income system against more than 50 indicators. India stood at 41 position out of 44 countries in 2022 with marginal improvement in its index value compared to 40th position out of 43 countries assessed on the Global Pension Index in 2021. The survey suggested that India needs to boost coverage under private pension arrangements and strengthen its regulatory framework to bring more and more of its workers under the social security net. According to the survey, India had an overall index value of 44.4 in 2022, up from 43.3 in 2021 but lower than 45.7 for 2020. India had stood at 34th position out of 39 pension systems rated in 2020.

<https://www.mercer.com/our-thinking/global-pension-index.html>

Forthcoming Data Releases

Forex Reserves, Reserve Bank of India, October 28, 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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