

Key Data Releases

Index of Eight Core Industries

- The index of eight core industries rose by 7.9 per cent on a year-on-year basis in September 2022. The growth was higher than the 4.1 per cent growth registered in the preceding month.
- Electricity generation rose by 11 per cent and output of coal increased by 12 per cent. Among other energy sources, output of crude oil fell by 2.3 per cent and that of natural gas by 1.6 per cent. However, the refinery products industry reported a 6.7 per cent rise in output.
- Steel production grew by 6.7 per cent and cement production grew by 12 per cent. Production of fertilizers, which traditionally has been the smallest contributor to the eight core industries' output, increased by 11.8 per cent in September 2022.

Foreign Trade-Services

- India's net earnings from trade in services rose year-on-year by 40.7 per cent to USD 11.9 billion in September 2022, as compared to 18.4 per cent growth registered in the year-ago month. Net services exports marked a 15.2 per cent increase over the preceding month.
- Receipts from service exports rose by 35.5 per cent to USD 28 billion and payments for service exports rose by 32 per cent to USD 16.1 billion in September 2022.

Foreign Exchange Reserves

- India's foreign exchange reserves increased by approximately USD 6.6 billion to USD 531.1 billion during the week ended 28 October 2022.

PMI- Manufacturing

- The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) inched up to 55.3 in October 2022 from 55.1 in September 2022. This is the 16th consecutive month when the index has reported an expansion in manufacturing activity.
- In October 2022, order inflows and production by Indian manufacturers grew at its slowest pace since June 2022. However, the growth in both was above the long-run average. The pace of growth in export order inflows accelerated in October 2022.

PMI-Services

- The seasonally adjusted S&P Global India Services PMI recovered to 55.1 in October 2022 from 54.3 in September 2022. This implies that the services activity in India grew for the 15th successive month.
- Service providers witnessed an expansion in new business and the pace of growth accelerated from that in September. The domestic market was the main source of new business gains. International orders declined further in October.

Public Finance

- Central Government's gross fiscal deficit touched 37.3 per cent of its annual budgeted target by September 2022. In absolute terms, the deficit during April-September 2022 amounted to Rs.6.2 trillion, higher than the last year's Rs.5.3 trillion.
- Government expenditure increased y-o-y by 12.2 per cent to Rs.18.2 trillion during April-September 2022. Revenue expenditure rose by 6.0 per cent to Rs.14.8 trillion and capital expenditure rose by 49.5 per cent to Rs.3.4 trillion.
- On the revenue side, net tax collections rose by 9.9 per cent to Rs.10.1 trillion during April-September 2022. Non-tax revenue receipts declined by 1.7 per cent to Rs.1.6 trillion, while non-debt capital receipts, which mainly comprise of disinvestment proceeds, increased by 88.7 per cent to Rs.341.9 billion.

Key Sectoral Insights

Automotives

Fitch Ratings: The sales of commercial vehicles will reach the previous peak of close to 1 million units a year by FY24 aided by a rapid recovery in India's economic activity levels and a resurgence in replacement demand after multiple muted years, according to Fitch Ratings. It expects CV sales to grow at a rate of 14-19% over the coming few years. Apart from a better macroeconomic environment, the CV industry will also benefit from better availability of financing, the report noted. Meanwhile, higher fuel prices will nudge fleet operators to replace their older vehicles with newer, more efficient ones.

Digitization

FICCI-BCG: The report finds that even as awareness and adoption of digital tools are gradually increasing among SMEs to sell more online and grow faster, there are multiple aspects of digital sales where enterprises have been struggling. While more than 60 per cent of SMEs expect their online sales will further increase in the future, digital marketing was the major area of challenge for 78 per cent of them. Over the past few years, many digital enablers have been put into motion. The larger context that could leapfrog India as a digital finance leader-nation would be the ecosystem combination of Open Network for Digital Commerce (ONDC), Open Credit Enablement Network (OCEN), blockchain-enabled financial system, Digital Rupee, UPI, and the move towards the green transition.

Upsides

▪ Bank credit to retail and wholesale trade in September recorded a 21 per cent growth to Rs 7.45 lakh crore from Rs 6.96 lakh crore during September 2021, according to data from the RBI. Among wholesale and retail trade, the former saw Rs 3.77 lakh crore credit deployed, higher than Rs 3.68 lakh crore deployed to the retail trade in September. While the retail trade credit grew by 19.6 per cent in comparison to 2.7 per cent during the year-ago period, indicating uptake in credit post their inclusion in the MSME category in July last year.

▪ Monthly electric vehicle registrations (all segments) in the country surpassed the one lakh mark, for the first time ever, in October 2022. Also, total EV registrations grew for fifth month in a row. Total EV (all segments) recorded 23 per cent month-on-month increase at 114,001 units in October against 92,833 units in September. When compared with October 2021 registrations, this October EV registrations grew by 190 per cent, according to data on Vahan Dashboard. Electric two-wheelers formed 66 per cent of October's total EV sales with 75,294 units — the highest sales ever achieved by the electric 2W market in India.

▪ Exports of major agriculture and processed products, promoted by Agricultural and Processed Food Products Export Development Authority (APEDA), have jumped by a quarter to \$13.77 billion (₹1,07,942 crore) during H1 FY23 from \$11.06 billion year-ago. Exceeding the target, APEDA products had registered record \$25.6 billion in FY22. There has been an impressive over 100 per cent jump in export value in wheat, pulses, and milled products, while guar gum and poultry products have registered more than 80 per cent growth.

▪ Freight earnings of railways increased by 17% until October of this fiscal year compared to the same period last year. Railway freight loading has surpassed last year's loading and earnings for the first seven months of fiscal year 2022-23. From April to October 2022, a total freight loading of 855.63 MT was achieved, compared to 786.2 MT last year, representing a 9% increase over last year's loading.

▪ Petrol and diesel sales in India jumped to a four-month high in October, as the festive season brought back demand that had been quelled by extended monsoon rains, preliminary industry data showed. Petrol sales soared 12.1 per cent to 2.78 million tonnes in October, as compared to 2.48 million tonnes of consumption in the same month last year. Diesel, the most used fuel in the country, posted a 12 per cent rise in sales in October to 6.57 million tonnes, when compared to the same month last year.

▪ According to the data by the Ministry of Commerce and Industry, wheat exports have surged to USD 1.48 billion during April-September 2022 as against exports worth USD 630 million in the year-ago period.

▪ Demand for gold in India increased to the pre-pandemic level of 192 tonnes in the September 2022 quarter, according to the World Gold Council's (WGC) Demand Trend report. Compared to the year-ago quarter, the demand was up by 14 per cent. Jewellery sales increased year-on-year by 17 per cent to 146 tonnes in the September 2022 quarter.

Downsides

▪ India's overall unemployment rate climbed in October, led by a sharp rise in rural unemployment after the end of monsoon crop harvesting season. The unemployment rate rose to a two-month high of 7.77% last month, from a four-year low of 6.43% in September, according to CMIE data. Rural unemployment rate climbed to 8.04% from 5.84% in September, while urban unemployment rate was at 7.21% compared to 7.7% a month before.

▪ Wheat prices in agricultural produce marketing committee (APMC) yards and wholesale outlets have surged to a 7-year high in spite of higher arrivals. Reportedly, this is because global wheat prices rose by five per cent on 31 October 2022 after Russia decided to withdraw from the UN-brokered deal to permit grain exports in the Black Sea region.

▪ Sugar production in India, the world's major producer, fell 14.73 per cent year on year to 4.05 lakh tonnes in the first month of the 2022-23 marketing season, according to cooperative body NFCSSF data. Mills had manufactured 4.75 lakh tonnes of sugar during October in 2021-22 marketing season. National Federation of Cooperative Sugar Factories Ltd (NFCSSF) has pegged sugar production at 36 million tonnes for the 2022-23 marketing season. According to NFCSSF, the new sugar season has commenced in Maharashtra and Karnataka. As per the data, sugar production in Maharashtra remained lower at 80,000 tonnes of sugar till October of the current season, as against 1.40 lakh tonnes in the year-ago period.

▪ On 1 November 2022, jet fuel or aviation turbine fuel (ATF) price was hiked by 4.19 per cent or by Rs.4,842.37 per kilolitre to Rs.120,362.64 per kilolitre in the national capital, according to a price notification of state-owned fuel retailers. This reverses a 4.5 per cent cut in jet fuel prices affected last month.

▪ India's iron ore exports dropped to "nearly zero" in October, and overseas shipments of the steelmaking raw material are expected to continue to languish due to higher export taxes and lower demand from China. India in May raised the export tax on low-grade iron ore lumps and fines - with iron content below 58% - to 50% from zero, and hiked the duties on pellets to 45% from zero, as part of efforts to meet rising local demand.

▪ The road transport and highways sector, railways and the petroleum sector have the maximum number of delayed projects. Over 262 of 835 projects in the road transport and highways sector are delayed. In Railways, 115 projects out of 173 projects are delayed, while for petroleum, 89 out of 140 projects are delayed, as per the latest flash report on infrastructure projects for September 2022. The report showed that the Muneerabad-Mahaboobnagar rail project is the most-delayed project. It is delayed by 276 months. The second-most delayed project is the Udhampur-Srinagar-Baramulla rail project which is delayed by 247 months. The third-most delayed project is Belapur-Seawood-Urban Electrified Double Line, which is delayed by 228 months.

Key Policy Announcements/ Notifications

Government exempts wholesalers and big retailers from stockholding limits on edible oils and oilseeds

<https://pib.gov.in/PressReleaseFramePage.aspx?PRID=1872841>

RBI launches Digital Rupee pilot for wholesale segment

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54616

DoT extends PLI Scheme for Telecom and Networking Products to 42 beneficiaries with a total committed Outlay of Rs. 4,115 crore

<https://pib.gov.in/PressReleasePage.aspx?PRID=1872271>

Sebi issues guidelines to standardize CRAs' rating scales

<https://www.sebi.gov.in/legal/circulars/oct-2022/standardisation-of-rating-scales-used-by-credit-rating-agencies-cras-64506.html>

20 projects cleared under National Technical Textiles Mission

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1872922>

Cabinet approves Mechanism for procurement of ethanol by Public Sector Oil Marketing Companies (OMCs) under Ethanol Blended Petrol (EBP) Programme - Revision of ethanol price for supply to Public Sector OMCs for Ethanol Supply Year (ESY) 2022-23

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1873021>

India Infrastructure Project Development Fund scheme notified for PPP projects

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1873659>

Reports

Adaptation Gap Report 2022, UNEP, November 2022

The report looks at progress in planning, financing and implementing adaptation actions. At least 84 per cent of Parties to the UN Framework Convention on Climate Change (UNFCCC) have established adaptation plans, strategies, laws and policies – up 5 per cent from the previous year. The instruments are getting better at prioritizing disadvantaged groups, such as Indigenous people. The report looks at the benefits of prioritizing actions that both reduce greenhouse gas emissions and help communities adapt, such as nature-based solutions, and calls for countries to step up funding and implementation of adaptation actions. Additionally, the report discusses adaptation effectiveness and looks at adaptation-mitigation linkages and co-benefits.

<https://www.unep.org/resources/adaptation-gap-report-2022>

Forthcoming Data Releases

Index of Industrial Production, MoSPI, November 11, 2022

FDI/FII, RBI, November 10, 2022*

Forex Reserves, Reserve Bank of India, November 11, 2022

*Expected

Sources:

Various Press Articles, CMIE, MOSPI, RBI, SEBI, PIB

For previous editions / other data products and fact sheets please write to

Anshuman Khanna – anshuman.khanna@ficci.com / Sakshi Arora – sakshi.arora@ficci.com