

Key Data Releases

Index of Industrial Production

■The IIP rose by 3.1 per cent on a year-on-year basis in September 2022. The index has grown after suffering a 0.7 per cent fall in August 2022. Output of mined products grew by 4.6 per cent, while electricity generation increased by 11.6 per cent. The manufacturing sector reported a 1.8 per cent growth in production in September 2022. The growth was broad-based, with 14 of the 23 sub-groups of the manufacturing sector reporting a rise in production.

■Among the use-based classification of IIP, output of primary goods rose by 9.3 per cent and that of intermediate goods rose by two per cent. Production of capital goods grew by 10.3 per cent and that of infrastructure/construction goods grew by 7.4 per cent. Among consumer goods, production of durables fell by 4.5 per cent and that of non-durables fell by an even steeper 7.1 per cent.

Foreign Exchange Reserves

■India's foreign exchange reserves fell by USD 1.1 billion to USD 530.0 billion during the week ended 4 November 2022.

Key Sectoral Insights

FMCG

NielsenIQ: The country's FMCG industry continued to witness consumption slowdown in the September quarter, with rural markets registering a higher decline in volumes compared to the three months ended June. Also, consumers continued to prefer purchasing smaller packets amid companies hiking prices in response to broader inflationary pressures. The FMCG industry witnessed an overall volume decline of 0.9 per cent in the September quarter in comparison to the preceding three months. This was the fourth consecutive quarter with negative volume growth for the industry and is attributed to the double-digit price growth for the past six consecutive quarters. Rural markets recorded a volume decline of 3.6 per cent in the September quarter in comparison to a decline of 2.4 per cent in the June quarter.

Information Technology

PwC: More than 82 per cent of business executives surveyed in India anticipate an increase in cybersecurity budgets in the coming year, according to a PwC report. The survey highlights that of all the risks affecting organizations, India respondents consider a catastrophic cyberattack, a resurgence of COVID-19 or a new health crisis, and a new geopolitical conflict among the top three risks. According to the survey, 89 per cent of Indian business executives say their organizations' cybersecurity team detected a significant cyberthreat to business and prevented it from affecting their operations, as against 70 per cent globally. It also highlights that 83 per cent Indian business executives say their organization's cybersecurity team has improved supply chain risk management.

Renewable Energy

Ember, Centre for Research on Energy and Clean Air, Institute for Energy Economics and Financial Analysis: India saved USD 4.2 billion in fuel costs through solar generation in the first half of 2022 and 19.4 million tonnes of coal that would have further stressed an already strained domestic supply. The report also analyzed the growth of solar power over the last decade and found that five of the top 10 economies with solar capacity are now within Asia, including China, Japan, India, South Korea and Vietnam. The contribution of solar generation in seven key Asian countries -- China, India, Japan, South Korea, Vietnam, the Philippines and Thailand -- avoided potential fossil fuel costs of approximately USD 34 billion from January to June 2022.

Manufacturing

FICCI: As per FICCI's latest quarterly survey on manufacturing, the growth momentum which has been witnessed by the sector for the past few months is likely to be sustained for the next six to nine months. After experiencing revival of Indian economy in 2021-22, growth momentum continued in the first and second quarters of the current fiscal. More than 61 per cent respondents reported higher production levels in the September 2022 quarter. The existing average capacity utilization in manufacturing is over 70 per cent, which reflects a sustained economic activity in the sector. More than 42 per cent of the respondents expect a high increase in exports in the September 2022 quarter compared to same period a year ago.

Upsides	Downsides
<ul style="list-style-type: none"> ▪ Over 8.5 million salaried jobs were added during September and October 2022 taking the total number of salaried workers in the country to 85-86 million with highest addition in urban salaried jobs, according to the Centre for Monitoring Indian Economy. This is higher than the pre-pandemic level and comes after a gap of 32 months when the pandemic induced lockdown had pulled down the number of salaried workers to 65 million by August 2020, it said. Even the share of salaried jobs has gone up to its pre pandemic levels 21.4% in October after touching a low of 17% during the pandemic. ▪ Two-wheeler sales in October hit a two-year high with more than 1.5 million vehicles sold across the country. According to vehicle retail data by the Federation of Automobile Dealers Associations (FADA), two-wheeler sales in October stood at 15,71,165, the highest monthly sale since March 2020. In March 2020, 18,47,314 two-wheelers were sold primarily due to the transition of vehicles from BS4 to BS6 when OEMs offered special prices. The demand was not just witnessed at the premium segment but also in the entry-level two-wheeler segment with good schemes offered by OEMs at 10 per cent of vehicle value. ▪ Vehicle registrations in India grew by 47 per cent in the month of October 2022 y-o-y, according to the data from Vahan portal. Around 2.1 million vehicles were retailed during the month. Commercial vehicle registrations increased by 25.4 per cent to 74,443 units. Retail sales of passenger vehicles surged by 41 per cent in October 2022, while three-wheeler sales rose by 65.9 per cent. ▪ Despite inflationary pressures and rate hikes, corporate credit offtake has seen significant growth in the second quarter of the current fiscal for several banks. The increase in the credit offtake was in double-digits for major banks, going up to 27 per cent in some cases. Domestic advances growth was driven by a 21.2 per cent surge in corporate advances for State Bank of India (SBI). Domestic corporate portfolio of ICICI bank grew 23.1 year-on-year and 6.8 per cent sequentially for the bank in the second quarter, driven by growth across well-rated financial and non-financial corporates. ▪ Union Minister of Road Transport and Highways has approved a slew of new road projects, valued at Rs 68,000 crore, in four Northeastern states to make international standard surface connectivity. New projects are worth Rs 50,000 crore for Assam, Rs 9,000 crore for Meghalaya, Rs 5,000 crore for Nagaland and Rs 4,000 crore for Sikkim. 	<ul style="list-style-type: none"> ▪ Finished steel production in October 2022 remained almost at the same level as it was in the corresponding year-ago month. About 9.8 million tonnes of finished steel was produced in October 2022. ▪ The dispatch of coal to the power sector registered 5.5 per cent decline at 56.49 million tonnes last month. The coal supply to the power sector was 59.79 million tonnes (MT) in October 2021 according to the provisional statistics of the coal ministry showed. The overall dispatch of dry fuel to different sectors in October dropped to 67.02 MT from 70.21 MT in the year-ago period. The supply to captive power plants also fell to 3.54 MT from 4.97 MT. ▪ The information technology (IT) sector witnessed a sharp drop in active job volumes in October 2022. Active job volumes fell by 50 per cent on a year-on-year basis in October 2022, which is the lowest in three years. ▪ The US Energy Information Administration has pruned its forecast for 2023 US crude oil production by 21 per cent. It has forecasted US crude oil production to grow by 480,000 barrels per day (bpd) in 2023. Earlier, it had forecasted a 610,000 bpd increase. US oil producers have cited persistent inflation and supply chain constraints, ageing wells, shortage of labor and materials, rising costs and a sharp focus on shareholder returns.

Key Policy Announcements/ Notifications

Government allows International Trade Settlements in Indian Rupees for Export Promotion Schemes under the Foreign Trade Policy
<https://pib.gov.in/PressReleasePage.aspx?PRID=1874753>

Framework for Sovereign Green Bonds: Government of India
<https://dea.gov.in/sites/default/files/Framework%20for%20Sovereign%20Green%20Bonds.pdf>

Securities and Exchange Board of India Regulations:

1. Issue and Listing of Non-Convertible Securities (Second Amendment) Regulations, 2022

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-second-amendment-regulations-2022_64912.html

2. Real Estate Investment Trusts (Amendment) Regulations, 2022

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-real-estate-investment-trusts-amendment-regulations-2022_64911.html

3. Infrastructure Investment Trusts (Second Amendment) Regulations, 2022

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-infrastructure-investment-trusts-second-amendment-regulations-2022_64909.html

4. Substantial Acquisition of Shares and Takeovers (Amendment) Regulations, 2022

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-substantial-acquisition-of-shares-and-takeovers-amendment-regulations-2022_64901.html

Reports

Report on Municipal Finances, RBI, November 2022

The report finds that the rapid growth of urbanisation in India has not been accompanied by a corresponding increase in urban infrastructure, which is reflected in the performance of the urban local bodies, especially MCs. While the size of the municipal budgets in India are much smaller than peers in other countries, revenues are dominated by property tax collections and devolution of taxes and grants from upper tiers of government, resulting in lack of financial autonomy. MCs' committed expenditure in the form of establishment expenses, administrative costs and interest and finance charges is rising, but capital expenditure is minimal. MCs mostly rely on borrowings from banks and financial institutions and loans from Centre/State governments to finance their resource gaps in the absence of a well-developed market for municipal bonds. MCs need to adopt sound and transparent accounting practices with proper monitoring and documentation of various receipt and expenditure items, and explore different innovative bond and land based financing mechanisms to augment their resources.

<https://rbi.org.in/Scripts/AnnualPublications.aspx?head=Report%20on%20Municipal%20Finances>

Forthcoming Data Releases

Consumer Price Index, MoSPI, November 14, 2022
Foreign Trade, Ministry of Commerce & Industry, November 14, 2022*
Wholesale Price Index, Ministry of Commerce & Industry, November 14, 2022
CPI (AL/RL), Labour Bureau, November 18, 2022*
Forex Reserves, RBI, November 18, 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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