



Key Data Releases

Current Account Deficit

India reported a current account deficit of USD 23 billion in the quarter ended December 2021. The current account deficit amounted to 2.7 per cent of GDP. India had witnessed current account deficit amounting to 1.3 per cent of GDP in the preceding quarter and 0.3 per cent in the year-ago quarter.

Fiscal Deficit

Central Government's gross fiscal deficit (GFD) touched 81.7 per cent of its annual revised target by February 2022. At the same time last year, the government had exhausted 83.4 per cent of its revised deficit target.

In absolute terms, the deficit during April 2021-February 2022 amounted to Rs.13.2 trillion, lower than the last year's Rs.14.1 trillion. Government expenditure increased year-on-year by 11.5 per cent to Rs.31.4 trillion during April 2021-February 2022

Consumer Price Index – Industrial Workers

Retail inflation for industrial workers eased to 5.04 per cent in February from 5.84 per cent in January this year mainly due to lower prices of certain food items. Food inflation stood at 5.09 per cent in February 2022 against 6.22 per cent in the previous month and 4.64 per cent during the corresponding month a year ago.

Core Sector

The index of eight core industries rose by 5.8 per cent on a year-on-year basis in February 2022. The growth was the highest recorded in the last four months.

Six of the eight core industries reported a rise in production, while two reported fall. In February 2022, electricity generation rose by four per cent and output of coal, which is a key input for thermal power generation, increased an even higher by 6.6 per cent. Among other energy sources, output of crude oil fell by 2.2 per cent, but that of natural gas and refinery products rose by 12.5 per cent and 8.8 per cent, respectively. Production of fertilizers, which traditionally has been the smallest contributor to the eight core industries' output, fell by 1.4 per cent in February 2022.

Foreign Exchange Reserves

India's foreign exchange reserves fell by USD 2 billion to USD 617.6 billion during the week ended 25 March 2022.

Key Sectoral Insights

Gems & Jewellery

CRISIL: The revenue of gold jewellery retailers is likely to increase by 12-15 per cent in 2022-23 on steady demand and sustained high prices of gold. During 2021-22, revenue of gold jewellery retailers is expected to rise 20-22 per cent albeit on a lower base of the pandemic-impacted last fiscal year. According to Crisil, operating margins should improve 50-70 basis points (bps) year-on-year to 7.3-7.5 per cent in fiscal 2023, because of elevated gold prices and improved operating leverage. Consequently, operating profits will rise 12-15 per cent next fiscal year, resulting in better debt metrics.

Healthcare

NatHealth: The largely unorganised and unregulated Indian home-healthcare market is at a tipping point. According to a recent Nathealth study titled 'Indian Home Healthcare 2.0 – Redefining the Modern Care Continuum', the home healthcare market is expected to grow to \$19.9 bn market by 2025. India has multiple home healthcare players providing healthcare across preventive, promotive, chronic, acute rehabilitative and palliative care in the comfort of the patient's home. Traditionally, 60–80 per cent demand for home care has been driven by senior citizens seeking supportive long-term care at home.

Auto Components

ICRA: The Indian auto component industry is expected to clock 8-10 per cent growth in FY23, supported by the easing of supply-chain issues and commodity inflation in the second half of the year. For 2021-22, the revenue growth of the industry is pegged at 13-15 per cent, driven by domestic OEM, replacement, export volumes and pass-through of commodity prices. The healthy volume growth will, however, come on a low base of FY2021.

Upsides

Engineering, telecom and healthcare sectors are likely to add close to 12 million new jobs by FY26, largely due to the focus on recovery along with technology proliferation and digitisation in these segments, according to a report. A report by TeamLease Digital, the staffing division of TeamLease Services, said specialised staff or professional staff with high-skill and expertise will form nearly 17 per cent of the overall jobs created. The Engineering, Telecom & Healthcare sectors are on the verge of an Industry 4.0 transformation. There is a shift from a central industrial control system to one where smart products and processes are at the heart of their operations.

Downsides

As many as 421 infrastructure projects, each entailing investment of ₹150 crore or more, have been hit by cost overruns of more than ₹4.73-lakh crore, according to a report. The Ministry of Statistics and Programme Implementation monitors infrastructure projects of ₹150 crore and above. Of 1,565 such projects, 421 projects reported cost overruns and 647 projects were delayed.

Upsides

Downsides

- Total passenger traffic by air rose by 4.7 per cent to 17.6 million passengers in February 2022. In February 2021, airlines carried a total of 16.9 million passengers. Domestic passenger traffic stood at 15.3 million passengers in February 2022. This was almost at the same level as it was in the corresponding year-ago month. It accounted for 86.5 per cent of the total passenger traffic carried during the month. International passenger traffic increased by 66.6 per cent y-o-y to 2.4 million passengers in February 2022. Passenger traffic by air rose by 67.1 per cent y-o-y to 164.4 million passengers during April 2021-February 2022.

- Hotel industry expects a bumper quarter this summer after two consecutive washout years in the aftermath of Covid-19, according to reports. The month of March is witnessing healthy bookings, hinting at bumper gains from revenge tourism through April and May. According to a JLL note, occupancy levels for the sector across the country hit a 12-month low in May 2021, dropping below 20 per cent. With easing travel curbs and resumption of normal office routine, there is an uptick in bookings for in-person conferences, weddings and corporate events across leisure destinations, particularly in tier one and tier two cities.

- According to the Export Preparedness Index (EPI) 2021 released by the NITI Aayog, India's textile and apparel market has shown signs of recovery in the year 2021-22. The growing demand and the increased efforts of the Centre to promote the garment sector have resulted in the textile sector maintaining a trade surplus in the country's export basket. Products like cotton fabrics, made-ups, and readymade garments of cotton along with accessories, have driven the exports. From April-November 2021, exports of textile products jumped 53.9 per cent on a y-o-y basis. The government also achieved 68 per cent of its annual target of USD 44 billion for textiles and apparel for the current financial year.

- India's export of agricultural products touched USD 40.9 billion during April 2021-January 2022 as compared to USD 32.7 billion recorded in the corresponding period of the previous fiscal. This translates into an increase of 25.1 per cent. The rise in agricultural exports should improve realisations for farmers, creating a positive impact on their income.

- Electricity generation rose by 4.5 per cent to 117,559.7 million kwh in February 2022 from 112,465.5 million kwh generated in February 2021. Conventional electricity generation rose by 2.8 per cent y-o-y to 104,229 million kwh. Renewable electricity generation increased by 20.6 per cent y-o-y to 13,330.7 million kwh in February 2022. During April 2021-February 2022, electricity generation rose by 8.2 per cent as compared to a year ago.

- India's Unified Payments Interface (UPI) crossed 5 billion transactions in a month for the first time in March, marking a landmark for the flagship digital payments platform. UPI had till March 29 processed 5.04 billion transactions, amounting to Rs 8.88 trillion. This was 11.5 per cent higher than the volume of transactions processed in February and 7.5 per cent higher in terms of value of transactions processed.

- The government collected Rs.1.42 trillion goods and services tax (GST) in March 2022. These are the highest ever monthly collections. Compared year-on-year, GST collections in March 2022 were higher by Rs.181.9 billion or 14.7 per cent in March 2022.

- Total air cargo traffic fell by 2.8 per cent y-o-y to 238.1 thousand tonnes in February 2022. In the corresponding year-ago month, the airlines carried a total of 245 thousand tonnes of cargo. Domestic cargo traffic dropped by 6.3 per cent in February 2022 to 93.1 thousand tonnes. It accounted for 39.1 per cent of the total cargo traffic carried during the month. A total of 145 thousand tonnes of international cargo was carried in February 2022. This was almost at the year-ago levels.

- India has contracted 45,000 tonnes of Russian sunflower oil at a record high price for shipments in April as edible oil prices in the local market surged after supplies from rival Ukraine stopped because of the war. Sunflower oil from Russia could help the world's biggest edible oil importer in easing the shortfall at a time when availability of vegetable oils is stretched because of Indonesia's decision to restrict palm oil supplies and lower soybean crop in South America.

- India's wireless customers fell from 1,154.62 million at the end of December 2021 to 1,145.24 million at the end of January 2022, registering a month-on-month fall of 0.81 per cent. Wireless subscriptions in urban areas fell from 633.34 million at the end of December 2021 to 627.12 million at the end of January 2022. In rural areas, wireless subscribers fell from 521.28 million to 518.13 million over the same time period, as per the latest industry data given by the Telecommunications Regulatory Authority of India (TRAI)

- Cargo traffic at India's major ports in February 2022 remained almost at the same level as it was in the year-ago month. Major ports handled 58.5 million tonnes of cargo during the month. Cargo traffic unloaded at 35.8 million tonnes was more or less at the same level as it was in the corresponding month of the previous year. Major commodities that saw a fall in cargo traffic were coal (3.8 per cent), iron ore (32.6 per cent) and container (2.1 per cent).

- As the input costs are rising sharply, fertiliser companies have started passing on a portion of the same to the farmers.IFFCO has raised the price of DAP from Rs.1,200 a bag to almost Rs.1,350 per 50 kg bag, while that of one variety of NPKS has been raised to Rs.1,400 per 50 kg bag from the earlier Rs.1,290 per bag.

Key Policy Announcements/ Notifications

Free ration for six months more; to cost Rs 80,000 crore

<https://www.financialexpress.com/economy/free-ration-for-six-months-more-to-cost-rs-80000-crore/2472802/>

Cabinet approves USD 808 million for “Raising and Accelerating MSME Performance”

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1811360>

Centre allows free imports of pulses till March 2023

<https://www.thehindubusinessline.com/economy/agri-business/govt-extends-free-imports-of-tur-urad-till-march-2023/article65271362.ece>

Centre notifies fresh wage rates for states & UTs under MGNREGA

<https://indianexpress.com/article/india/nregs-wages-revised-less-than-5-per-cent-hike-in-21-states-union-territories-7843460/>

Centre extends validity of ECLGS till March 2023

<https://www.financialexpress.com/economy/emergency-credit-line-guarantee-scheme-aviation-hospitality-to-gain-from-msme-credit-extension/2476867/>

Sebi extends deadline for compliance with certain directions to July 1

https://www.business-standard.com/article/markets/mfs-sebi-extends-deadline-for-compliance-with-certain-directions-to-july-1-122033101251_1.html

Foreign trade policy extended till September 2022

https://www.business-standard.com/article/economy-policy/centre-extends-foreign-trade-policy-by-another-six-months-till-sept-30-122040100077_1.html

Reports

Environmental Sustainability, Inclusion Vital for Recovery from COVID-19 for SDGs, Asia Development Bank-United Nation

The report takes a closer look at the implications of the coronavirus disease (COVID-19) pandemic for attaining the Sustainable Development Goals and countries' responses to pandemic-induced shocks and rising social and economic stresses.

<https://www.adb.org/sites/default/files/publication/783946/building-forward-together-inclusive-resilient-asia-pacific.pdf>

Forthcoming Data Releases

Forex Reserves, Reserve Bank of India, April 8, 2022, 05:00 pm

Monetary Policy Announcement, Reserve Bank of India, April 8, 2022

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