

Key Data Releases

Consumer Price Index

■The Consumer Price Index fell to 6.8 per cent in October 2022 from 7.4 per cent in September 2022. Inflation in urban India fell to 6.5 per cent from 7.3 per cent in September 2022, while that in rural India fell to 7.0 per cent from 7.6 per cent.

■At the all-India level, inflation in the food & beverages group fell to seven per cent in October 2022 from 8.4 per cent in September 2022. Inflation in the fuel & light group fell to 9.9 per cent from 10.4 per cent in September 2022, while that in the clothing & footwear group, at 10.2 per cent, remained unchanged from the preceding month. Inflation in miscellaneous items fell to 5.9 per cent from 6.1 per cent.

Wholesale Price Index

■Wholesale price inflation fell to 8.4 per cent in October 2022 from 10.7 per cent in September 2022.

■Inflation in the manufactured products group fell to 4.4 per cent in October 2022 from 6.3 per cent in September 2022. Inflation in primary article prices eased to 11 per cent from 11.7 per cent in September 2022, while that in power & fuel dipped to 23.2 per cent from 32.6 per cent.

Consumer Price Index – Agricultural/Rural Laborers

■Rural India witnessed lower inflation in October 2022 compared to the preceding month. Retail price inflation for agricultural laborer's, measured by the CPI-AL, fell to 7.2 per cent in October 2022 from 7.7 per cent in September 2022. The food group, which accounts for 69.15 per cent of the consumption basket of agricultural laborers, saw inflation fall to 7.1 per cent from 7.5 per cent. Inflation for rural laborers, measured by the CPI-RL, fell to 7.3 per cent in October 2022 from 7.9 per cent in September 2022. Food inflation for rural laborers fell to seven per cent in October 2022 from 7.5 per cent.

Foreign Trade

■India's merchandise exports fell year-on-year by 16.7 per cent to USD 29.8 billion in October 2022. At USD 56.7 billion during the month, India's merchandise imports were 5.7 per cent higher than the year-ago level. Trade deficit widened to USD 26.9 billion in October 2022 from USD 17.9 billion in October 2021.

■India's net earnings from trade in services rose year-on-year by 40.7 per cent to USD 12.3 billion in October 2022. Receipts from service exports rose by 40.3 per cent to USD 28.6 billion and payments for service exports rose by 40 per cent to USD 16.3 billion in October 2022.

Key Sectoral Insights

Warehousing

CREDAI-Anarock: India's Grade-A warehousing sector is poised to show a growth of 15 per cent by 2025. According to the India Warehousing Report by CREDAI and Anarock, warehousing is poised to become a US\$ 2.8 billion industry in the near future. The growth will be driven by increasing demand over Grade-B and Grade-C office spaces which are not big enough for emerging needs for modern and large infrastructure, the report said. Over the last decade, India has revamped its outlook toward the warehousing sector from unorganised godown structures to a prominent asset class. According to the report, a total of 48.5 million sq ft of Grade-A warehouses have been leased in top 7 cities in 2021 and it's expected to reach 55.8 million sq ft by end of 2023. The total area leased for Grade-A warehousing space in 7 cities was 160 million sq ft, with the largest share of 37 per cent leased area in western region (Mumbai and Pune), followed by 32 per cent in southern region (Bengaluru, Chennai and Hyderabad). The top three sectors contributing to the overall warehouse leasing space across 7 cities are third-party logistics, e-commerce and manufacturing.

Consumer Electronics

CEAMA: The Indian Appliances and Consumer Electronics (ACE) market is expected to almost double in the next three years to around Rs 1.48 lakh crore by 2023, led by increasing domestic demand, according to Consumer Electronics and Appliances Manufacturers Association (CEAMA). India has become one of the fastest growing ACE markets in the world and is also emerging as an alternative manufacturing destination of China and other South East Asian countries. The foreign direct investment in the ACE industry has also almost doubled to USD 481 million till June in 2022 as against USD 198 million in 2021.

Information technology

IDC: India's IT and business services market grew 7.4 per cent in the first half of 2022, compared to 6.4 per cent in the same period a year ago and helped by enterprises investing in digital transformation, according to International Data Corporation (IDC) report. The IT and business services market in the country was valued at \$7.15 billion between January and June 2022. IT services grew even higher at 8.1 per cent in the first half of 2022 compared to 7.3 per cent in the first half of 2021. The IT and business services market will grow strongly as enterprises continue with their digital transformation investments and it will not face considerable impact due to any economic slowdown.

Gartner: India's IT spending is projected to grow 2.6% year on year in 2023, according to a forecast by global research firm Gartner Inc. Indian businesses will continue to increase their spending in key segments of information technology next year even with the looming tensions of global inflation and the weakening rupee. This compares with the 5.1% year-on-year growth seen in global IT spending for the same period. The spending will jump to \$112.4 billion for 2023 compared to \$109.6 billion in 2022. It grew 1.9% year on year in 2022. Gartner forecasts weakening demand for devices in 2023 as device upgrades are seen to stabilize after a post-pandemic boom.

Upsides

- India's exports to the UAE, with which a free trade agreement was implemented on May 1, rose by 17.6 per cent to about USD 18 billion during April-October this fiscal, according to the commerce ministry's data. However, exports in October dipped by 18 per cent to about USD 2 billion. Imports during April-October 2022-23, on the other hand, increased by 33 per cent to USD 32.3 billion from the UAE, the data showed.
- Work generation under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) fell to its lowest in this financial year in October as economic activity picked up during the festive month, official data showed. Person-days of work generated fell 10.6% month-on-month to 157 million in October from 175.7 million in September while the year-on-year decline stood at 29.1%. Work generated in April was 285.8 million, 435.1 million in May, 421.7 million in June, 235.3 million in July and 167.2 million in August. The benefiting households fell 7% in October to 13.2 million from 14.2 million in September while the year-on-year decline was 23.6%, from 17.3 million in October 2021. The number of households that benefited from MGNREGA stood at 18.6 million in April, 26.2 million in May, 27.5 million in June, 17.5 million in July, 13.7 million in August and 14.2 million in September.
- Natural gas consumption recovered in October 2022 to 169 million cubic metres per day from 156 million cubic metres per day in September 2022. Consumption is beginning to recover due to softening international gas prices. Consumption in October 2022 was still 2.7 per cent lower than the consumption in October 2021.
- The number of telecom towers in the country have gone up by 60 per cent between 2017 and 2022. Telecom operators had cumulatively deployed a network comprising of 461,000 towers and 17,10,000 base stations as of December 2017. As of November 2022, the four operators running the telecom network utilized 737,000 towers and 23,70,000 base stations.
- Retailers including micro, small and medium units across the country saw 15 per cent growth in sales in October in comparison to the year-ago period and 19 per cent vis-a-vis the pre-pandemic sales level as of October 2019, according to Retailers Association of India (RAI). The September retail sales growth stood at 21 per cent as compared to September 2019 before Covid. Removal of pandemic-related restrictions has resulted in the all round growth of retail businesses across regions and categories.
- A report about the 'next sunrise sector' said that gaming in India is expected to grow by 20-30 per cent and add 100,000 jobs in the ongoing financial year 2022-23. The sector employs 50,000 people, of which, 30 per cent are programmers and developers. It has grown from being worth Rs.70.37 billion in 2018-19 to Rs.143 billion in 2021-22. The sector is projected to be worth Rs.380.97 billion in 2025-26 and grow five-fold in the next seven years, according to TeamLease Digital's 'Gaming- Tomorrow's Blockbuster' report.

Downsides

- India's edible oil import bill rose 34.18 per cent to Rs 1.57 trillion in the oil year ending October 2022, while in volume terms it rose 6.85 per cent to 140.3 lakh tonnes, according to the Solvent Extractors Association of India (SEA). India, the world's leading vegetable oil buyer, had imported 131.3 lakh tonnes of edible oils in the 2020-21 oil year (November-October) for Rs 1.17 trillion in the previous year. Import gradually increased during the first two quarters and it slowed down in the third quarter. However, it again increased in the fourth quarter due to the lifting of a ban on palm oil by Indonesia and a sharp decline in international prices which boosted buying from India.
- India's dependence on coal rises in spite of its aim to achieve net-zero emission by 2070. Factors such as Russia-Ukraine war, rising energy prices and high inflation in several countries have compelled India to continue to depend on coal-based thermal energy. Like many other countries, India too will have to rely more on coal in the near future due to global uncertainties and supply chain disruptions.
- OPEC has cut its forecast for 2022 global oil demand growth for a fifth time since April 2022. It expects oil demand to increase by 2.55 million barrels per day (mbpd) or 2.6 per cent in 2022. This is 0.1 mbpd lower than its earlier forecast. It has cited mounting economic challenges including high inflation and rising interest rates. Downside risks include high inflation, monetary tightening by major central banks, high sovereign debt levels in many regions, tightening labor markets and persisting supply chain constraints, it stated.
- Areas in the National Capital Region (NCR) have witnessed the highest year-on-year (YoY) decline in new launches of residential units amongst the top seven cities in the country, according to Anarock. The study said that NCR accounted for 7 per cent of the total new supply in Q3 2022 across the top seven cities. Approximately 6,400 new residential units were launched between July and September 2022. In comparison to the previous quarter, new launches grew by 57 per cent, but saw a 24 per cent decline on a YoY basis. Regarding the new launches of NCR at a zonal level, Gurugram, with the highest supply share of 61 per cent in Q3 2022, saw a decline of 9 per cent against Q2 2022.

Key Policy Announcements/ Notifications

India Submits its Long-Term Low Emission Development Strategy to UNFCCC

<https://pib.gov.in/PressReleasePage.aspx?PRID=1875816>

Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2022

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-mutual-funds-third-amendment-regulations-2022_65163.html

Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2022_65161.html

Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Second Amendment) Regulations, 2022

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-contracts-regulation-stock-exchanges-and-clearing-corporations-second-amendment-regulations-2022_65159.html

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2022

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-sixth-amendment-regulations-2022_65048.html

Registration and regulatory framework for Online Bond Platform Providers

https://www.sebi.gov.in/legal/circulars/nov-2022/registration-and-regulatory-framework-for-online-bond-platform-providers_65014.html

Reports

World Population Prospects, United Nations, November 2022

According to the report, in 2020, the growth rate of the global population fell under 1 per cent per year for the first time since 1950. The latest projections by the United Nations suggest that the world's population could grow to around 8.5 billion in 2030 and 9.7 billion in 2050; it is projected to reach a peak of around 10.4 billion people during the 2080s and to remain at that level until 2100. The world's population is projected to reach 8 billion on 15 November 2022, and India is projected to surpass China as the world's most populous country in 2023.

https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/wpp2022_summary_of_results.pdf

Forthcoming Data Releases

Major Ports, Indian Ports Association, November 22, 2022*

Forex Reserves, Reserve Bank of India, November 25, 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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