

Key Data Releases

Gross Domestic Product

- India's real gross domestic product (GDP) grew by 6.3 per cent in the second quarter of 2022-23 over an 8.4 per cent increase in GDP recorded in the September 2021 quarter.
- Private final consumption expenditure (PFCE) grew by 9.7 per cent during the September 2022 quarter. The government reduced its final consumption expenditure (GFCE) by 4.4 per cent.
- Gross fixed capital formation (GFCF), an indicator of investment demand, grew by 10.4 per cent in the September 2022 quarter. Imports grew at a faster clip of 25.4 per cent than exports which grew by 11.5 per cent in the September 2022 quarter.
- India's gross value added (GVA) in real terms grew by 5.6 per cent during the September 2022 quarter compared to same period a year ago. The main driver of the growth was the services sector. Value addition by trade, hotels, transport & communication services grew by 14.7 per cent. On the other hand, the manufacturing sector witnessed a contraction by 4.3 per cent and the mining sector by 2.8 per cent.

Index of Eight Core Industries

- The index of eight core industries rose by 0.1 per cent on a year-on-year basis in October 2022. The growth was lower than the 7.8 per cent growth registered in the preceding month.
- In October 2022, electricity generation rose by 0.4 per cent and output of coal, which is a key input for thermal power generation, increased by 3.6 per cent. Among other energy sources, output of crude oil fell by 2.2 per cent, natural gas by 4.2 per cent and that of refinery products by 3.1 per cent. Steel production grew by four per cent, while cement production fell by 4.3 per cent. Production of fertilizer, which traditionally has been the smallest contributor to the eight core industries' output, increased by 5.4 per cent in October 2022.

Public Finance

- Central Government's gross fiscal deficit (GFD) touched 45.6 per cent of its annual budgeted target by October 2022. At the same time last year, the government had exhausted 36.3 per cent of its annual deficit target. In absolute terms, the deficit during April-October 2022 amounted to Rs.7.6 trillion, higher than the last year's Rs.5.5 trillion. Government expenditure increased year-on-year by 17.4 per cent to Rs.21.4 trillion during April-October 2022. Revenue expenditure rose by 10.2 per cent to Rs.17.3 trillion and capital expenditure rose by a robust 61.5 per cent to Rs.4.1 trillion.
- On the revenue side, net tax collections rose by 11.2 per cent to Rs.11.7 trillion during April-October 2022. Non-tax revenue receipts declined by 13.6 per cent to Rs.1.8 trillion, while non-debt capital receipts, which mainly comprise of disinvestment proceeds, increased by 81 per cent to Rs.356.9 billion.

PMI- Manufacturing

- The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) inched up to 55.7 in November 2022 from 55.3 in October 2022. This is the 17th consecutive month when the index has reported an expansion in manufacturing activity.
- According to survey participants, companies reported the fastest increase in new orders and production for three months. Overseas demand too picked-up with new export orders expanding at the second-fastest pace since May.

Foreign Exchange Reserves

- India's foreign exchange reserves increased by approximately USD 2.9 billion to USD 550.1 billion during the week ended 25 November 2022.

Key Sectoral Insights

Electronics

Counterpoint Research: India's market grew 171 per cent (year-over-year) to become the biggest smartwatch market globally in Q3 2022, according to Counterpoint Research. Despite inflation and geopolitical crises that have continued since the beginning of this year, the global smartwatch market shipments increased 30 per cent (year-over-year) in Q3. The main factor behind the record quarter was India's festive season. Indian brands expanding their product portfolios at affordable price points and emphasis on local manufacturing also contributed to the growth.

Telecom

Ericsson: Rapid 5G deployment by Indian telecom firms will enable 5G subscriptions to reach around 31 million by end of 2022, and 690 million by 2028, according to the November Ericsson Mobility report. The report said average data traffic per smartphone remains the highest in India globally. It is projected to grow from 25 GB per month in 2022 to around 54 GB per month in 2028 – a CAGR of 14 per cent. The total mobile data traffic in the India region is estimated to grow from 18 exabyte (EB) per month in 2022 to 53 EB per month in 2028, growing at a compounded annual rate of 19 per cent.

Renewable Energy

Mercom: Installation of open access solar capacity in India increased by 91 per cent to 596 megawatt (MW) during the July-September period, according to the report Mercom India Solar Open Access Market Report Q3 2022. India added 312 MW of solar open access capacity in the same period a year ago. Solar power through open access is an arrangement where a power producer establishes a solar power plant to supply green energy to consumers. In the first nine months (9M) of 2022, India added about 1.9 gigawatts (GW) of open access solar, an increase of 96 per cent from the 956 megawatts (MW) installed in January-September of 2021.

Upsides

- The passenger vehicles (PV) wholesale (dispatches to dealers) in November has recorded the highest-ever monthly figure with 3.22 lakh units compared with 31.5 lakh units in the year-ago period. Most companies, including Maruti Suzuki India, Hyundai Motor India, Tata Motors, M&M and Kia India, have reported a double digit growth on a y-o-y basis during the month.
- Procurement of goods and services from the national procurement portal for official purchases - the Government eMarketplace (GeM) - has crossed Rs.1 trillion during this fiscal year, led by a sharp increase in buying from different ministries and departments. If the trend continues, the procurement value may cross Rs.1.8 trillion for the full fiscal against the target of Rs.1.5 trillion. In 2021-22, the public procurement through GeM stood at Rs.1.1 trillion.
- Retail loans expanded by 20.2 per cent in October 2022, against 12.6 per cent a year ago. The rise in credit offtake was largely driven by the housing and vehicle loans segments. Reserve Bank of India (RBI) data showed that credit to the services sector accelerated to 22.5 per cent YoY in October 2022, from 2.8 per cent a year ago. The surge was mainly due to credit offtake by financial companies and the trade sector. The credit to industry — small, medium, and large — registered 13.6 per cent growth in October 2022 versus 3.3 per cent growth in October 2021. Size-wise, credit to large industry accelerated 10.9 per cent, against a contraction of 0.4 per cent a year ago. Medium industries recorded credit growth of 31.0 per cent in October 2022, as compared with 35.1 per cent a year ago.
- Sales of electric vehicles (EVs) have touched a record high in the month of October 2022. During the month, more than 115,800 EVs were sold according to the data from Vahan portal. This comes as backlog bookings continue to be retailed and awareness of EVs continue to grow.
- Petrol and diesel sales in India saw a double-digit year-on-year growth in November as increased demand from the agriculture sector helped build on the momentum generated by the festive season. Petrol sales soared 11.7 per cent to 2.66 million tonnes in November, as compared to 2.38 million tonnes of consumption in the same month last year. Sales were 10.7 per cent higher than in Covid-marred November 2020 and 16.2 per cent more than in pre-pandemic November 2019. Month-on-month, the demand was up 1.3 per cent on the high-base festive season created in October.
- Mobile phone exports have raced past the \$5-billion mark within seven months (April-October) of FY23, more than double the \$2.2 billion that India clocked in the same period last year. The current pace of exports from the world's second-largest smartphone market will likely surpass the entire FY22 figure by early December itself, and end FY23 in the \$8.5-9 billion range.
- Passenger traffic by air grew by 40 per cent to 27.4 million passengers in October 2022. In October 2021, airlines carried a total of 19.6 million passengers. Domestic passenger traffic went up by 30.4 per cent y-o-y to 22.7 million passengers in October 2022. International passenger traffic increased by 115 per cent y-o-y to 4.8 million passengers in October 2022.
- In the first two months of the ongoing rabi season, acreage under wheat increased by 5.4 per cent to 21.2 million hectares as compared to 20.1 million hectares in the year-ago period.

Downsides

- India's unemployment rate rose to 8.0% in November, highest in three months, from 7.77% in the previous month, data from the Centre for Monitoring Indian Economy (CMIE) showed. The urban unemployment rate rose to 8.96% in November from 7.21% in the previous month, while the rural unemployment rate slipped to 7.55% from 8.04%.
- The import of smartphone components decreased by 15-20 per cent in October 2022, a sign that demand in the smartphone and device market is declining. According to the data by a global technology market research firm, during October 2022, all smartphone brands significantly decreased the import of components to India.
- The road transport and highways sector has the maximum number of delayed projects, followed by railways, according to the latest flash report on infrastructure projects for October 2022. In railways, out of 173 projects, 114 are delayed.
- Foreign direct equity investments from six out of the top-10 investing countries/regions — Mauritius, United States, United Kingdom, Netherlands, Germany, and Cayman Islands — witnessed a contraction during the first half of the financial year compared to the year-ago period.
- Fast-moving consumer goods (FMCG) demand in rural areas decreased in November 2022 as a result of a slowdown following the festival season. Although urban demand has also been impacted, the decline in rural consumption has been more pronounced on a month-on-month (m-o-m) basis. According to data from Bizom, a retail intelligence platform, demand decreased by 10.1 per cent in the urban areas and by 17 per cent in rural areas in November 2022 compared to October 2022. Overall, FMCG sales in India dipped by 15.3 per cent

Key Policy Announcements/ Notifications

RBI revises regulatory framework for urban co-operative banks

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12416&Mode=0>

SEBI introduces credit rating based single issuer limit for active debt funds

https://www.sebi.gov.in/legal/circulars/nov-2022/introduction-of-credit-risk-based-single-issuer-limit-for-investment-by-mutual-fund-schemes-in-debt-and-money-market-instruments_65574.html

Operationalisation of Central Bank Digital Currency – Retail (e₹-R) Pilot

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54773

Ministry of Power launches scheme for Procurement of Aggregate Power of 4500 MW for five years under B (v) of SHAKTI Policy

<https://pib.gov.in/PressReleasePage.aspx?PRID=1879539>

Ind-AUS ECTA to enter into force on 29 December 2022

<https://pib.gov.in/PressReleasePage.aspx?PRID=1880086>

Reports

Climate Investment Opportunities in India's Cooling Sector, World Bank, November 2022

Heat stress is likely to wipe out 4.5% of India's GDP – between \$150-250 billion – by 2030, but using alternative and innovative energy-efficient technologies to meet its cooling needs will open investment opportunity of \$1.6 trillion by 2040 for the country, according to World Bank study. Extreme heat and periodic heatwaves experienced in the country this year are part of a trend of increasing temperature, and India is likely to account for 34 million of the 80 million jobs lost to heat stress by the end of the decade. The challenge for India is to meet its growing cooling needs without adding to its greenhouse gas emissions and it is possible through use of innovative technologies that would also help emissions significantly and create nearly 3.7 million jobs.

<https://www.dropbox.com/s/s01drnsy2xp76dk/Climate%20Investment%20Opportunities%20in%20India%27s%20Cooling%20Sector.pdf?dl=0>

Forthcoming Data Releases

PMI-Services, S&P Global, December 05, 2022*

Monetary Policy, Reserve Bank of India, December 7, 2022

Forex Reserves, Reserve Bank of India, December 09, 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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