

Key Data Releases

PMI-Services

- The S&P Global India Services PMI Business Activity Index grew from 55.1 in October 2022 to 56.4 in November 2022, due to a spike in output. This implies that the services activity in India grew for the 16th successive month. An index reading above 50 denotes expansion and below 50 denotes contraction.
- According to the panellists polled by S&P Global, services companies reaped the benefits of favourable demand conditions and fruitful advertising. New business inflows rose at the fastest pace since August 2022, thereby leading to a sharp increase in output. This paved the way for additional job creation. November 2022 witnessed the second highest increase in input costs. The service providers passed on the rising input cost burden to the end users. The selling charges increased at the fastest pace in just under five-and-a-half years.

Foreign Exchange Reserves

- India's foreign exchange reserves rose by USD 11 billion to USD 561.2 billion during the week ended 2 December 2022. Foreign currency assets, the largest component of India's foreign exchange reserves, increased by USD 9.7 billion to USD 497 billion.

Key Sectoral Insights

Digitization

IDC: The digital transformation spending in India is likely to reach USD 85 billion by 2026 as firms in the country aim to reduce the costs by increasing efficiency, improving security/risk capabilities, and improving customer experience via tech-enabled digital transformation, according to a report by IDC. More than 95 per cent of Indian organizations plan to increase digital transformation spending or keep at the same level in 2023. During the pandemic, digital transformation aided Indian organizations to survive the challenges and sustain competition. According to IDC research, manufacturing (discrete and process), professional services, banking, government, retail, and telecommunications are the top industries spending on digital transformation in India.

Worldline India: The Unified Payments Interface (UPI), debit and credit cards, prepaid payment instruments like mobile wallets, and prepaid cards logged 23.06 billion transactions amounting Rs 38.3 lakh crore in the third quarter this year according to Worldline India's 'Digital Payments Report' for the third quarter. At the top, the UPI clocked over 19.65 billion transactions in volume and Rs 32.5 lakh crore in terms of value. The UPI transactions volume and value almost doubled since last year as it recorded about an 88 per cent increase in volume and over 71 per cent increase in value in Q3 as compared to the same quarter last year. The top three UPI apps in terms of volume and value were PhonePe, Google Pay and Paytm Payments Bank App.

Upsides

- India has achieved 165.9 GW of renewable energy (RE) capacity by October 2022, compared to the target of 175 GW by the end of 2022. Of this, 119.1 GW is renewable capacity, and 46.8 GW is large hydro capacity. Besides this, capacity of 76.1 GW (of renewables) is under various stages of implementation and 36.4 GW of capacity is under various stages of bidding. The Ministry of New & Renewable Energy is working towards achieving 500 GW of installed electricity capacity from non-fossil sources by 2030.
- Basmati rice and processed food shipments have witnessed a sharp spike. According to provisional data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), the value of Basmati rice exports rose by more than 37 per cent in the first seven months of the year 2022-23 to USD 2.5 billion. Also, export of meat, dairy and poultry products rose by five per cent to USD 2.3 billion during April-October 2022 as compared to the same period last year.

Downsides

- Import of coal by the power sector has increased in 2022-23. The sector imported 38.8 million tonne (MT) of coal in the April-October period of the ongoing financial year. However, much of the rise in import has gone to feed domestic coal-based plants. The restoration of power generation by imported coal-based plants to its potential level has remained slow. As per the current import policy, coal is kept under open general licence and consumers are free to import coal as per their contractual prices on payment of applicable duty. However, the power ministry on 28 April 2022 advised power plants to import 10 per cent of the total requirement of coal for blending purpose and ensure continuous power supply in the respective states.

Upsides

▪ Freight traffic on Indian Railways (IR) rose by 5.2 per cent to 123.1 million tonnes in November 2022, as compared to the corresponding month of the last year. The major commodities whose freight traffic went up during the month included coal (4.9 per cent), iron ore (4.8 per cent) and cement (18.5 per cent). During April-November 2022, the IR carried 978.7 million tonnes of freight, 8.4 per cent higher than during the same period a year ago.

▪ The first half of ongoing financial year (H1 FY23) saw 87.1 lakh new formal jobs being created across the country, according to an analysis by the Employees' Provident Fund Organization (EPFO). This is a 35 per cent increase compared to the year-ago period. In the first halves of FY21 and FY22, 24.6 lakh and 64.72 lakh formal jobs were created in the country, respectively.

▪ Area sown under rabi crops was reported at 45.1 million hectares as of 2 December 2022. This is 6.4 per cent higher than the area covered during the corresponding period last year. Acreage under wheat increased by 5.4 per cent to 21.2 million hectares and that under coarse cereals also increased by 12.4 per cent to 3.3 million hectares. Area sown under pulses was up y-o-y by 3.8 per cent at 11.3 million hectares. Gram was sown on 8 million hectares, 5.3 per cent higher than a year ago. Area sown under oilseeds increased by 10 per cent to 8.3 million hectares, of which area under rapeseed, increased by 10.6 per cent to 7.7 million hectares as of 2 December 2022.

▪ Consumers' assessment regarding their current well-being and their future expectations improved in November 2022, according to the latest round of the Consumer Confidence Survey conducted by the Reserve Bank of India (RBI) on a panel of 6,089 households across 19 large cities in India. The current situation index (CSI) rose to 83.5 in November 2022 from 80.6 in September 2022. The future expectations index (FEI) at 114.9 in November 2022 was higher than its September 2022 reading of 113.

▪ The amount involved in guarantees provided to bank loans till November in the current fiscal under the Credit Guarantee Scheme (CGS), which facilitates collateral-free credit flow to micro and small enterprises (MSEs) under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), has surpassed the entire FY22 guarantee amount. The scheme approved guarantees worth Rs 60,377 crore during the first eight months (April-November) of FY23 in comparison to the Rs 56,172 crore guarantee approved in the entire FY22.

▪ Demand for fuel hits eight-months high in November 2022. This was on account of the festivals and a pick-up in industrial activity. According to the data from Petroleum Planning and Analysis Cell (PPAC), consumption of fuel was 2.4 per cent higher than the previous month, and rose 10.2 per cent year-on-year to 18.84 million tonnes in November 2022. Sales of diesel, which account for about four-fifth of India's refined fuel demand, were up 19.1 per cent from 2021 at 7.76 million tonnes, while sales of petrol, rose 8.1 per cent at 2.86 million tonnes.

Downsides

▪ Finished steel exports halved to 4.3 million tonnes in the first eight month of the ongoing year. Exports plunged by 55 per cent during April-November 2022 due to a slowdown in global demand and the decision by India to impose an export tax on some steel products, according to reports. Imports of finished steel was up by 22.5 per cent to 3.8 million tonnes during April-November 2022. Finished steel output rose by 6.4 per cent to 77.7 million tonnes, while consumption went up by 12 per cent to 75.3 million tonnes between April and November 2022.

▪ The Ministry of Commerce has red-flagged the sharp rise in imports of unladen aeroplanes of over 15,000 kg, turbo jets and helicopters of unladen weight with the Ministry of Civil Aviation. Accordingly, the Ministry of Civil Aviation (MoCA) has asked the DGCA to take steps to contain imports and up the exports, so as to bring down the trade deficit. The concerns, part of the Commerce Ministry's import alert list, have been raised only for items whose values are over \$200 million.

Key Policy Announcements/ Notifications

Monetary Policy Statement, 2022-23 Resolution of the Monetary Policy Committee (MPC) December 5-7, 2022

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54818

Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme gets extended to Chemicals, Pharmaceuticals and Articles of Iron & Steel from 15.12.2022

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1881602>

One District One Product (ODOP) initiative operationally merged with 'Districts as Export Hub (DEH)' initiative

<https://pib.gov.in/PressReleasePage.aspx?PRID=1881486>

TRAI issues Telecom Tariff (69th Amendment) Order 2022

<https://pib.gov.in/PressReleasePage.aspx?PRID=1881420>

Rooftop Solar Programme extended till 31.03.2026

<https://pib.gov.in/PressReleasePage.aspx?PRID=1881780>

Reports

India Development Update : Navigating the Storm, World Bank, December 2022

According to the report, the Indian economy has proved remarkably resilient to the ongoing impacts of the deteriorating external environment, growing faster than most major EMEs. Economic activity strengthened in the first half of FY22/23 (April 2022- March 2023) despite challenging global growth conditions caused by slowing growth in major trade partners (such as the US, UK and China), the Russia-Ukraine war and persistent global supply disruptions (caused by the global shortage of shipping containers and supply bottlenecks). In contrast to the Indian economy, which continued to grow rapidly in July-September 2022, the emerging market economies of China, Mexico and Brazil decelerated. As has been the case throughout the pandemic, the Indian economy benefited from effective Government support that helped to sustain household incomes.

<https://documents1.worldbank.org/curated/en/099143112052224154/pdf/IDU0d4ad74a108a3304f93083990163996425f3a.pdf>

Forthcoming Data Releases

Index of Industrial Production, MoSPI , December 12, 2022

Consumer Price Index, MoSPI , December 12, 2022

Foreign Trade, Ministry of Commerce & Industry, December 14, 2022*

Forex Reserves, Reserve Bank of India, December 16, 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