

Key Data Releases

Consumer Price Index

- Consumer Price Index (CPI) fell to 5.9 per cent in November 2022 from 6.8 per cent in October 2022. This is the lowest inflation recorded in the last 11 months. Inflation in urban India fell to 5.7 per cent from 6.5 per cent in October 2022 and that in rural India declined to 6.1 per cent from seven per cent.
- At the all-India level, inflation in the food & beverages group dropped to 5.1 per cent in November 2022 from 7.1 per cent in October 2022. Inflation in the clothing & footwear group also eased to 9.8 per cent from 10.2 per cent.
- On the other hand, inflation in the fuel & light group rose to 10.6 per cent in November 2022 from 9.9 per cent in October 2022 and that in miscellaneous items inched up to 6.1 per cent from 5.9 per cent during the same period.

Index of Industrial Production

- The IIP fell by 4.0 per cent on a year-on-year basis in October 2022. The fall was led by a 5.6 per cent contraction in output of the manufacturing sector. The sector witnessed a broad-based fall with 17 of its 23 sub-groups reporting contraction in production. Output of mined products grew by 2.5 per cent, while electricity generation increased by 1.2 per cent.
- Among the use-based classification of IIP, output of primary goods rose by 2.0 per cent and that of infrastructure/construction goods grew by 1.0 per cent. Production of consumer durables contracted by 15.3 per cent and that of non-durables fell by 13.4 per cent. On the other hand, production of intermediate goods and capital goods contracted by 2.8 per cent and 2.3 per cent, respectively.

Foreign Trade

- India's merchandise exports rose year-on-year by 0.6 per cent to USD 32 billion in November 2022. POL exports fell by 1.8 per cent to USD 5.4 billion, but non-POL exports rose by 1.1 per cent to USD 26.6 billion in November 2022. At USD 55.9 billion in November 2022, India's merchandise imports were 5.4 per cent higher than the year-ago level. POL imports rose by 10.5 per cent to USD 15.7 billion and non-POL imports rose by 3.5 per cent to USD 40.1 billion in November 2022. Merchandise trade deficit shrunk to a five-month low of USD 23.9 billion in November 2022.
- India's net earnings from trade in services rose year-on-year by 59.1 per cent to USD 12.8 billion in November 2022. Receipts from service exports rose by 26.9 per cent to USD 26.2 billion and payments for service imports rose by 6.4 per cent to USD 13.4 billion in November 2022.

Foreign Exchange Reserves

- India's foreign exchange reserves rose by USD 2.9 billion to USD 564.1 billion during the week ended 09 December 2022.

Key Sectoral Insights

Banking & Finance

BLinC Invest: On the back of increased penetration, the quarterly loan disbursements to the Micro, Small and Medium Enterprises (MSMEs) in India have doubled in the last two years, according to the MSME Lending Report 2022 by BLinC Invest. From Rs 1.58 trillion in the Jan-March quarter of 2019-20 (Q4FY20), the disbursement amount crossed Rs 3.03 trillion in Q3FY22 and Rs 3.25 trillion in Q4FY22. The demand for MSME debt was highest in Maharashtra, which accounted for 20 per cent of the total demand in India. The disbursements have been led by increased penetration as the approval rate for medium risk loans remained stagnant between FY21 and FY22. The VC firm collected data from over 15 states in India through on-ground visits, telephonic interviews and interviews with key industry leaders in the financial services sector.

Electric Mobility

Bain & Company: The Indian electric vehicle (EV) market is expected to see 40–45 per cent EV adoption for two-wheel vehicles and 15–20 per cent for four-wheel passenger vehicles (PVs) by 2030, according to a report by Bain & Company. It estimates that 12–13 million new two-wheeler EVs and 1 million new four-wheel PVs will be sold in India annually by 2030. As a result of this growth in EV adoption, the sector is expected to generate \$76 billion–\$100 billion of cumulative revenue opportunity and \$8 billion–\$11 billion of profit across the EV value chain.

Upsides

- The gap between energy requirement and energy supplied has reduced from two per cent in April 2022 to 0.2 per cent in November 2022. Power deficit stood at 2,752 million units in April 2022, which came down to 199 MU in November 2022. The country's power deficit has been below one per cent since May 2022. The power deficit was 609 MU (0.4 per cent) in May, 796 MU (0.6 per cent) in June, 434 MU (0.3 per cent) in July, 465 MU (0.4 per cent) in August and 312 MU (0.2 per cent) in September 2022.

Downsides

- Export credit by banks shrunk by 25.1 per cent year-on-year (y-o-y) in October 2022, reflecting an impact of slowing global trade. Merchandise exports fell below the USD 30 billion for the first time in the last 20 months. At USD 30 billion, the merchandise exports were down by 17 per cent y-o-y and 16 per cent sequentially.

Upsides

▪ Sales volumes of tractors rose by 3,251 numbers from 74,573 numbers in November 2021 to 77,824 numbers in November 2022. This represented a 4.4 per cent growth in sales volumes. During April-November 2022, a total of 767,863 numbers of tractors were sold. This is 8.8 per cent higher compared to 705,511 numbers of tractors sold during April-November 2021.

▪ Sales volumes of two & three wheelers rose by 116,646 units from 1.48 million units in November 2021 to 1.59 million units in November 2022. This represented a 7.9 per cent growth in sales volumes. During April-November 2022, a total of 14.4 million units of two & three wheelers were sold. This is 14.5 per cent higher compared to 12.6 million units of two & three wheelers sold during April-November 2021.

▪ India's gems and jewellery exports rose by 11.8 per cent to Rs.198.6 billion (USD 2,429.9 million) in November 2022 as compared to Rs.177.6 billion (USD 2,381 million) in November 2021, according to data by the Gem and Jewellery Export Promotion Council (GJEPC). The USA and Hong Kong remained the two biggest pillars of India's overall gem and jewellery export growth for the period of April to November 2022, accounting for USD 9,211.4 million and USD 5,781.9 million, respectively.

▪ Fuel consumption rose by 10.2 per cent to 18.84 million tonnes in November 2022 over November 2021. It was 2.4 per cent higher than in October 2022. Demand growth was supported by the festive season, according to Refinitiv. Diesel sales were up 19.1 per cent to 7.76 million tonnes. Petrol sales were up 8.1 per cent to 2.86 million tonnes.

▪ India's passenger vehicle wholesales registered a 28 per cent year-on-year growth in November 2022, according to data from industry body Society of Indian Automobile Manufacturers. The surge can be attributed to robust demand for both utility vehicles and cars. Overall passenger vehicles dispatched from companies to dealers stood at 2,76,231 units last month as compared to 2,15,626 units in November 2021. Utility vehicle wholesales rose 32 per cent to 1,38,780 units in November against 1,05,091 units in the year-ago period. Similarly, passenger car dispatches increased 29 per cent to 1,30,142 units from 1,00,906 units in November 2021.

▪ Crude steel output rose by about five per cent to 10.34 million tonnes in November 2022. SAIL, Tata Steel, JSW Steel, JSPL, AMNS India and RINL together produced 6.28 million tonnes of steel and the rest 4.06 million tonnes came from the secondary sector. The production of finished steel rose 3.41 per cent to 9.55 million tonnes from 9.23 million tonnes in November last year. The consumption of the alloy surged 13.42 per cent to 9.66 million tonnes in November against 8.52 million tonnes a year ago.

Downsides

▪ India's exports of readymade garments fell to a 28-month low of USD 988.7 million in October 2022. Knitwear exports from one of Asia's largest textile hubs, Tirupur, declined by a steep 39.8 per cent during the month. Cotton yarn exports also declined by 46 per cent to USD 719 million in October this year. Textile and garment exports as a whole contracted 8.5 per cent to USD 18.3 billion in the first half of the financial year 2022-23. Record high cotton prices in the domestic markets and a demand slowdown from the country's top two textiles and apparel export markets - the US and the EU - have weighed on the country's exports.

▪ India's edible oil imports rose 34 per cent in November to 15.29 lakh tonne on sharp jump in import of crude palm and refined palm oils, according to industry body SEA. As per the data, imports of vegetable oils rose 32 per cent in November 2022 to 15,45,540 tonne from 11,73,747 tonne in the same month last year. Out of total vegetable oil imports, shipments of edible oils increased to 15,28,760 tonne in November this year from 11,38,823 tonne in the same month of 2021.

Key Policy Announcements/ Notifications

Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12423&Mode=0>

Rajya Sabha passes Energy Conservation (Amendment) bill 2022

[https://newsonair.gov.in/News?title=Parliament-passes-Energy-Conservation-\(Amendment\)-Bill%2C-2022&id=452181](https://newsonair.gov.in/News?title=Parliament-passes-Energy-Conservation-(Amendment)-Bill%2C-2022&id=452181)

Reports

Asian Development Outlook (ADO) 2022 Supplement: Global Gloom Dims Asian Prospects, Asian Development Bank, December 2022

Three main headwinds continue to hamper recovery in developing Asia: recurrent lockdowns in the People's Republic of China, the Russian invasion of Ukraine, and slowing global growth. Growth forecasts for the region are revised down from 4.3% to 4.2% in 2022 and from 4.9% to 4.6% in 2023. The South Asian forecast for 2022 is maintained at 6.5% but revised down marginally for 2023 from 6.5% to 6.3% following a slowdown in Bangladesh and flooding in Pakistan. India's GDP is expected to increase 7.0% in 2022 and 7.2% in 2023.

<https://www.adb.org/sites/default/files/publication/844296/ado-supplement-december-2022.pdf>

Forthcoming Data Releases

CPI (AL/RL), Labour Bureau, December 12, 2022*

Forex Reserves, Reserve Bank of India, December 23, 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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