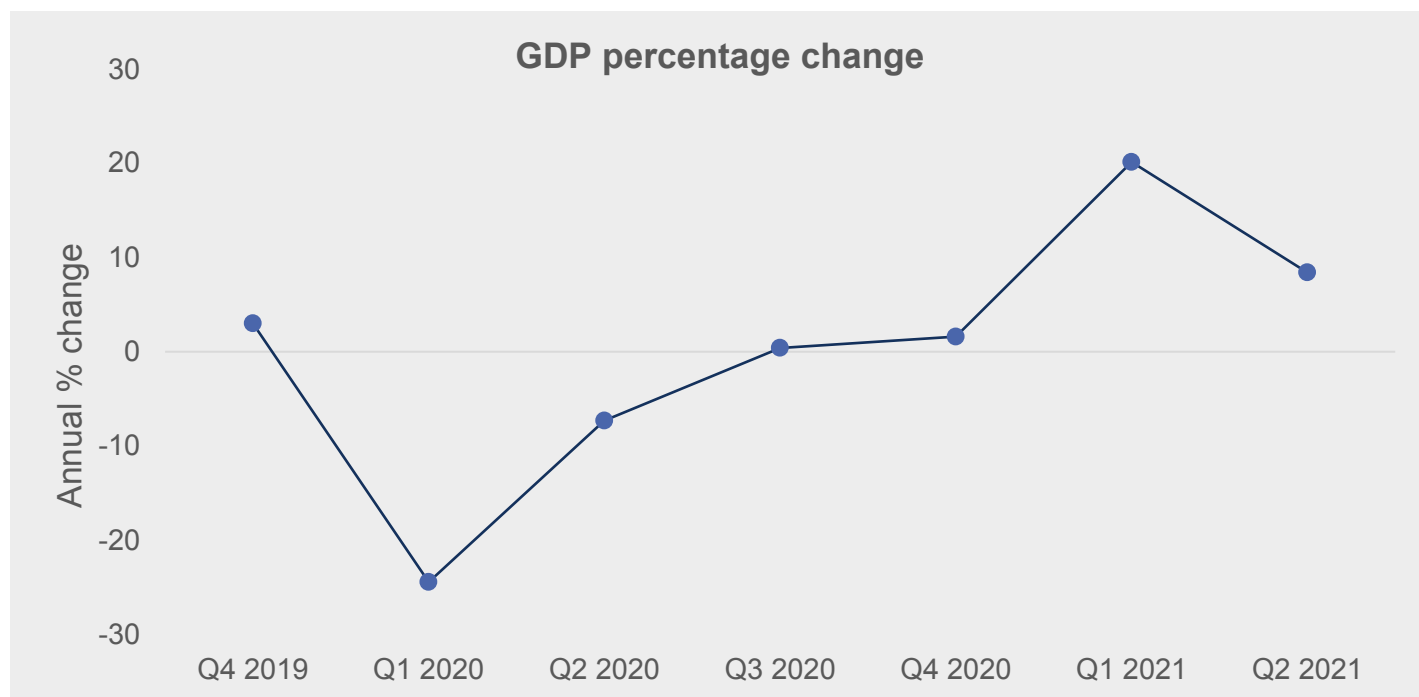


DECEMBER 2021

EconoBeat

A comprehensive monthly dialogue on leading indicators

India GDP records 8.4 percent growth in Q2 FY22

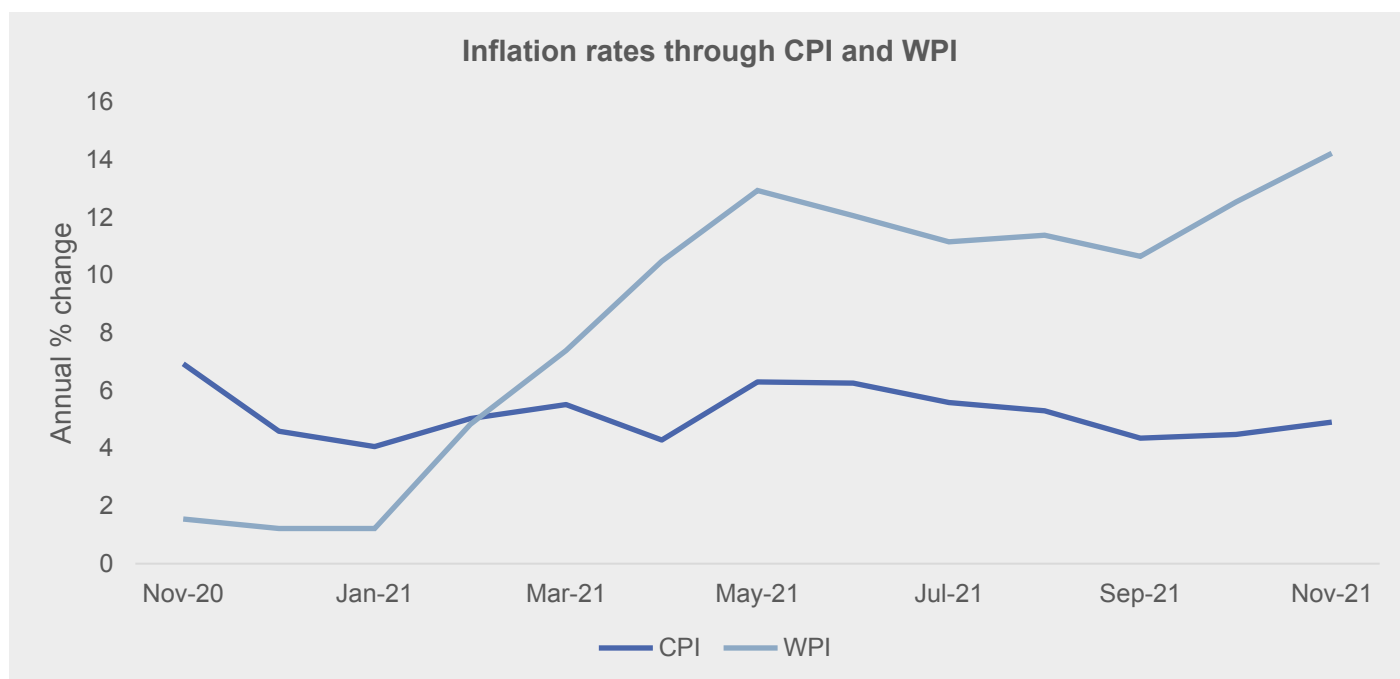


Source: Ministry of Statistics and Programme Implementation, Housing Research
Note: As per financial year

- India recorded 8.4 percent YoY growth in gross domestic product (GDP) in Q2 FY22. The economic growth eased from 20.1 percent in the previous quarter on the back of waning low base effect.
- The GDP at constant prices is estimated to be INR 35.73 lakh crore in September 2021 quarter, compared to INR 32.97 lakh crore in the same period of the previous year.
- The recovery in business activities, on-going vaccination and relaxation in restrictions have all underpinned the economy during second quarter of FY22.
- The financial, real estate and professional services 11 GDP recorded a 7.8 percent YoY growth in September 2021 quarter compared to contraction of 9.1 percent in the same period of the previous year.
- The overall trends suggest sustained recovery post the shocks of pandemic waves. However, the resurgence of new variants continues to add to the woes of the future economic outlook.



Retail inflation firms up in November, WPI inflation hits a record high

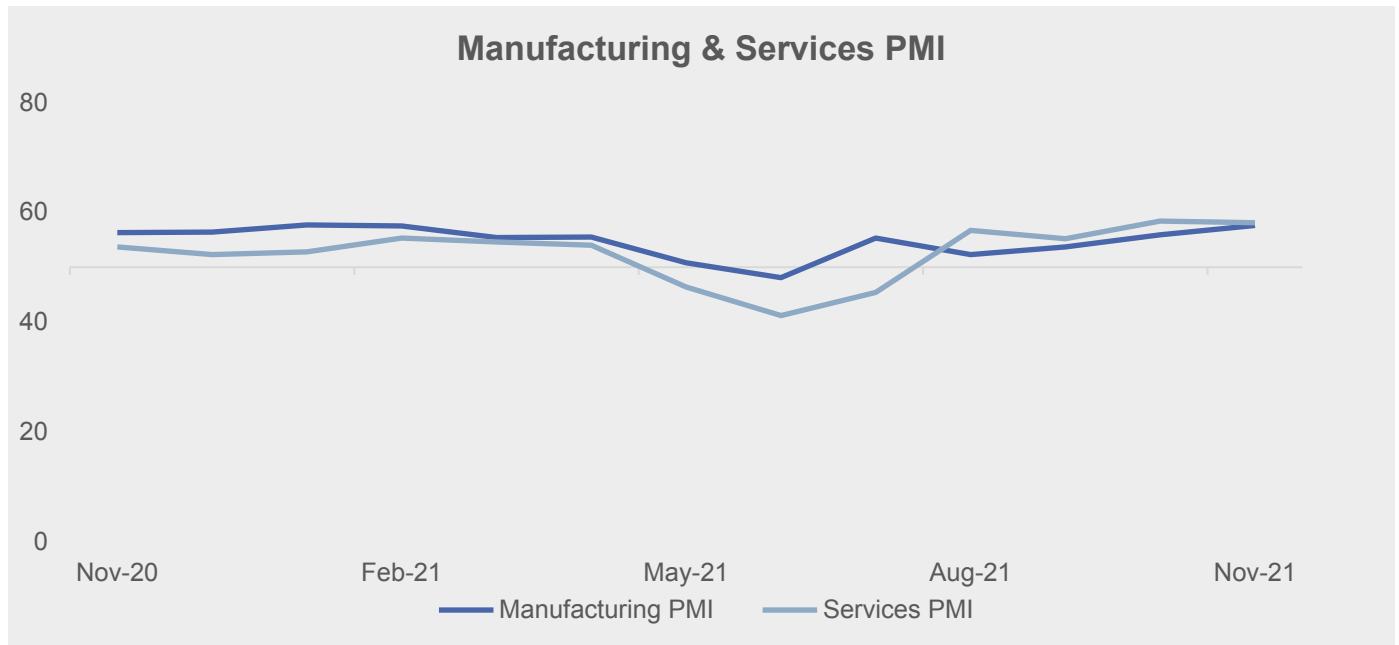


Source: Ministry of Statistics and Programme Implementation, Office of Economic Advisor, Housing Research

- The retail inflation in India has reached a three-month high at 4.91 percent in November 2021. The CPI inflation firmed up on the back of rise in vegetable prices.
- However, the inflation remains within the RBI's target band of 2-6 percent and lower than the 6.93 percent in November of last year.
- The inflation in urban areas has been on an uptick after dipping in September 2021 and reached 5.54 percent in November.
- The rural areas exhibit the same trend, however, at 4.29 percent, the inflation rates remain lower than the urban areas.
- The WPI inflation hit a record high and reached 14.23 percent in November 2021.
- The spike in wholesale price-based inflation comes on the back of rising prices of vegetables, mineral oils and petroleum products.
- The WPI has been recording double-digit growth for eight months straight.



Manufacturing PMI hits a ten-month high, services PMI continues to expand

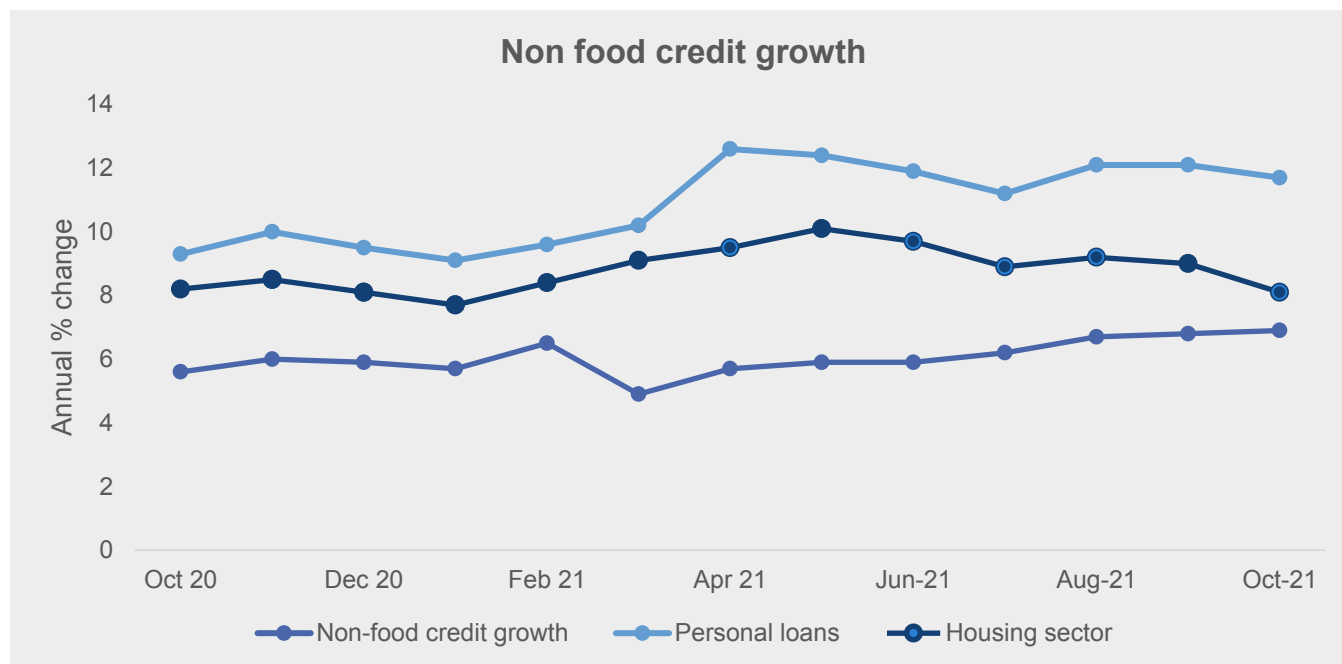


Source: IHS Markit, Housing Research

- The Manufacturing Purchasing Managers Index (PMI) has expanded to a ten-month high, reaching 57.6 in November of 2021.
- The manufacturing activity remained strong with domestic markets being the main source of sales growth.
- The companies increased their production volumes and output has risen sharply, as demand picked-up in November.
- While the services PMI remains in the expansion zone, it eased marginally to 58.1 in November, compared to 58.4 the previous month.
- The elevated services and business activity reflect the continual increase in new work, absorption of workforce and improvement in market conditions.
- According to PMI parlance, a reading above 50 indicates expansion, while below 50 indicates contraction.



Non-food credit accelerates in October

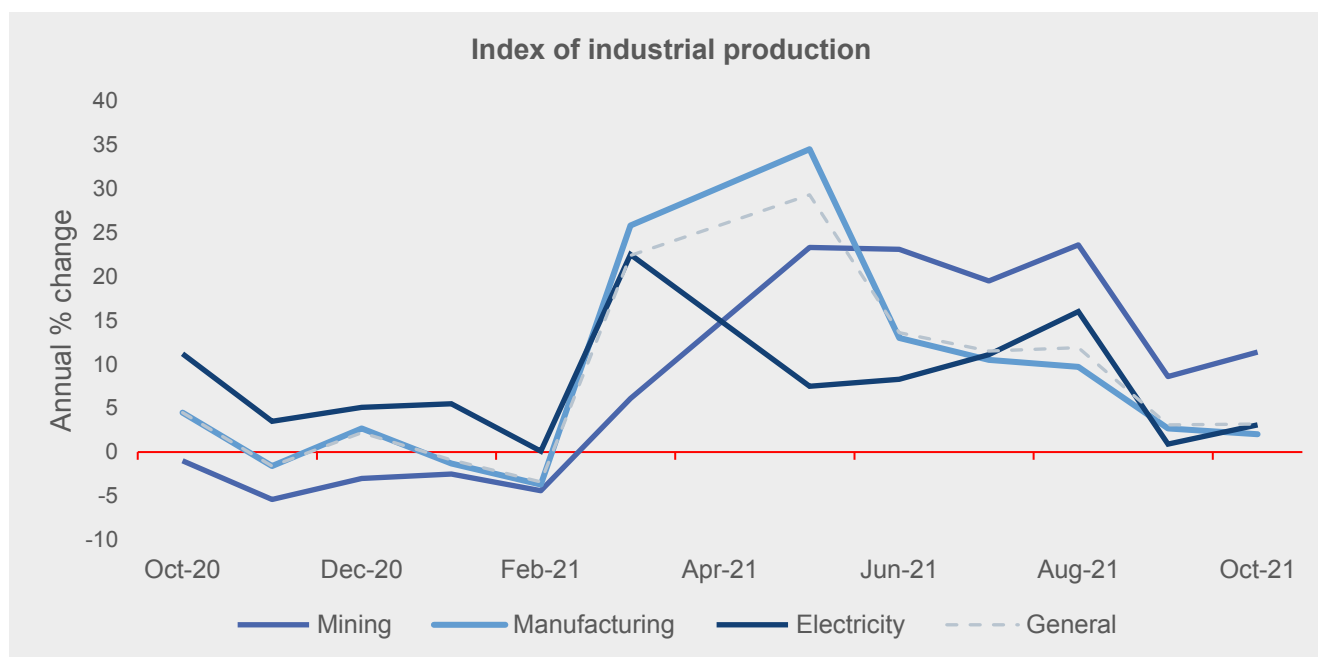


Source: Reserve Bank of India, Housing Research

- The non-food credit growth accelerated to 6.9 percent YoY in October 2021, compared to 5.2 percent in the same period last year.
- The credit expansion is underpinned by sustained growth in agriculture and allied activities, personal loans, gold, and vehicle loans.
- The personal loans grew at a robust 11.7 percent YoY in October 2021, compared to 8.7 percent in the same month of the previous year.
- The growth of credit to housing (including the priority sector) eased marginally to 8.1 percent in October of this year, compared to 8.4 percent in the year-ago period. The central bank's accommodative stance of maintaining historic low-interest rates has aided in sustaining the growth of credit in the housing sector.



IIP remains subdued for second month in a row



Source: Ministry of Statistics and Programme Implementation, Housing Research
Note: Data for April 2021 is not available,

- The IIP continued to ease recording a subdued growth of 3.2 percent YoY as the low base effect continues to wane.
- The degrowth comes on the back of supply-side bottlenecks in procuring coal and chips in case of automobile industry coupled with low investments.
- A rundown on contributors to IIP show that, mining and electric output recorded an uptick after growing at 11.4 percent and 3.1 percent YoY, respectively, in October.
- The general IIP reached 136.2 points in October 2021, surpassing the October 2020 levels of 126.7.



Unemployment rate eases in November

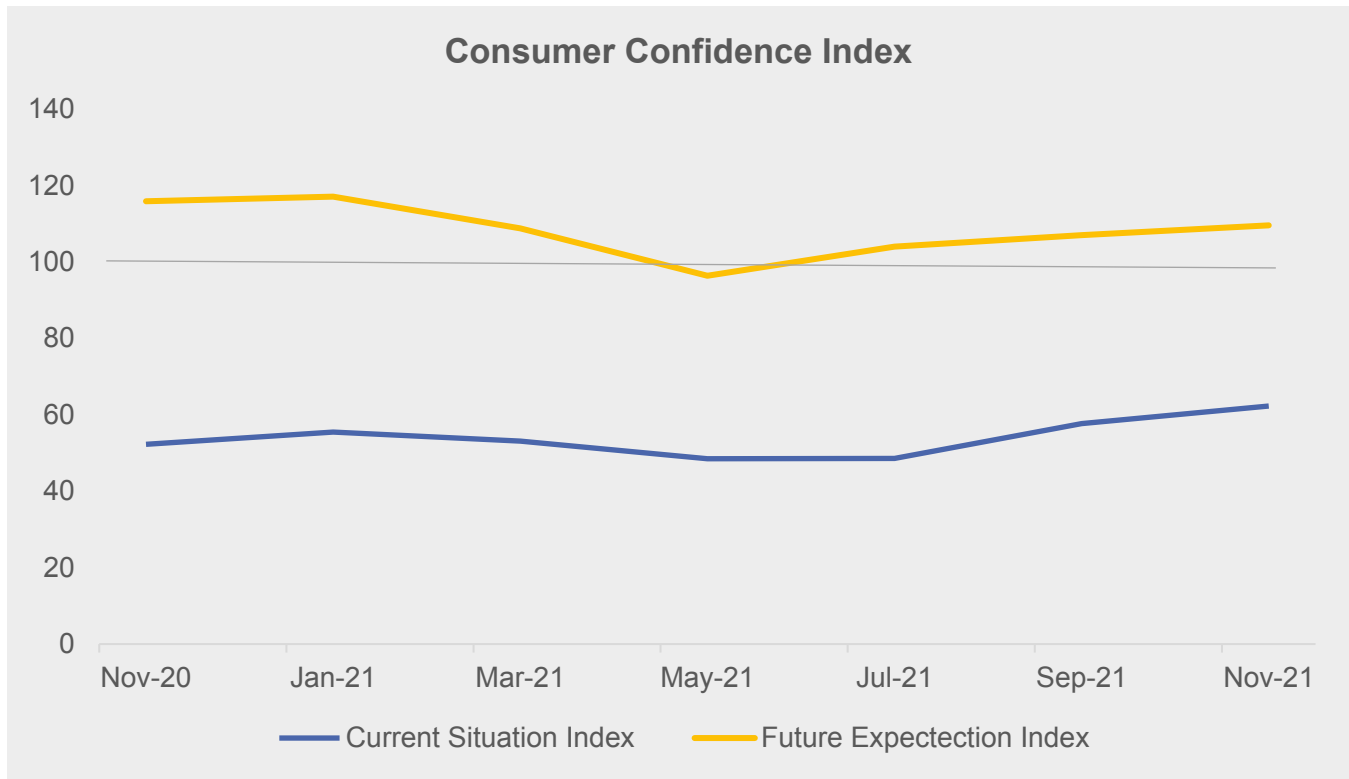


Source: : Centre for Monitoring Indian Economy, Housing Research

- The headline data for employment shows a marginal decline in the unemployment rate (7 percent YoY) in November 2021, compared to 7.75 percent in the previous month.
- However, the unemployment rate has continued to rise in urban areas which reached 8.21 percent in November, compared to 7.38 percent in the preceding month. Comparatively, the unemployment rate was lower (6.44 percent) in rural areas.
- In urban areas, the employment fell by 0.9 million jobs, while 3.5 million jobs were added in rural areas.
- The falling labour participation rate (LPR) and rising concerns due to new variants of COVID-19 pandemic have all added to the woes of the unemployment scenario in India.



Consumer confidence continues to improve



Source: Reserve Bank of India, Housing Research

- The RBI's consumer confidence index for both current and future sentiments improved in November 2021.
- The current situation index pegged at 62.3 points has reached a nine-month high. The future expectation index also reached 109.6 in November, compared to 107 in the previous month.
- Households are more confident about the general economic, employment and income scenario for the current and future period.
- The confidence however remained in negative territory in case of price levels amidst the rising inflation.



KEY UPDATE

DOMESTIC

ADB pares India's GDP forecast to 9.7%

- Asian Development Bank lowered its projection of India's GDP growth to 9.7 percent compared to 10 percent estimated in September of this year.
- The bank has cited slower than anticipated growth in manufacturing and chip shortages driving up semi-conductor prices behind moderation of growth

Source: : Ministry of Housing and Urban Affairs (20/11/2021), Housing Research

RBI maintains status quo, repo rate remains unchanged at 4%

- The central bank of India continues to maintain an accommodative stance by keeping the repo rate unchanged for the ninth consecutive time.
- The rationale behind maintaining the status quo is to ensure unhindered broad-based recovery amidst the slack in economy and uncertainty pertaining to new variants.

Source: Reserve Bank of India (8/12/2021), Housing Research

Eight greenfield airports operationalised

- Eight greenfield airports, namely Durgapur, Shirdi, Sindhudurg, Pakyong, Kannur, Kalaburagi, Oravakal, and Kushinagar, have been operationalised.
- The Government of India has further given 'in-principle' approval to 21 more greenfield airports across states such as Maharashtra, Karnataka, Madhya Pradesh, Uttar Pradesh, Andhra Pradesh, West Bengal, Kerala and Arunachal Pradesh, and in the union territory of Puducherry.

Source: Ministry of Civil Aviation (16/12/2021), Housing Research

India and ADB sign USD 150 million loan to provide affordable housing in Tamil Nadu

- The central government of India and the Asian Development Bank have signed a USD 150 million loan for developing inclusive, resilient, and sustainable housing for the urban poor in the state of Tamil Nadu.
- In addition, ADB will provide USD 1.5 million as technical assistance to support the capacity building of government agencies responsible for delivering affordable housing in the state.

Source: Ministry of Finance (7/12/2021), Housing Research

500 bedded ESIC hospital to come up in Gurugram, 100 bedded in Meerut

- The Union Ministry of India and Employees' State Insurance Corporation (ESIC) approved acquisition of land for 500 bedded hospital in Manesar (Gurugram) and for 100 bedded hospital in Meerut.
- In other decisions, 50-100 bedded hospitals are approved in Duburi, Odisha and Atchutapuram, Vishakhapatnam by the agency.

Source: : Ministry of Labour & Employment (4/12/2021), Housing Research

NCRPB sanctions INR 5,291 crore loan as financial assistance

- National Capital Region Planning Board (NCRPB) is providing loan as financial assistance to state governments, union territories, counter magnets areas (CMAs) and implementation agencies responsible for development of infrastructure projects in the region.
- Between FY 2018-19 and FY 2021-22, INR 9,090 crore financial assistance has been provided for 84 projects in National Capital Region.

Source: Ministry of Housing & Urban Affairs (16/12/2021), Housing Research

INTERNATIONAL

EU announces mobilisation of USD 300 billion as part of Global Gateway plan

- The European Union aims to mobilise USD 300 billion as part of new strategy named as Global Gateway.
- Global Gateway is to boost smart, clean and secure links in digital, energy and transport and strengthen health, education and research systems across the world.

Source: European Union (1/12/2021), Housing Research

USD 93 billion support by global community to support resilient recovery in poor countries

- The World Bank announced USD 93 billion package of the International Development Association (IDA) to help low-income countries respond to the COVID-19 crisis.
- The funds will be devolved to the 74 poorest countries to help these countries build back greener and adapt to climate change.

Source: World Bank (15/12/2021), Housing Research

USD 175 million ADB loan support for Philippine Bridge Project

- The Asian Development Bank has approved USD 175 million to the Philippines for supporting development of three new climate and disaster-resilient bridges over Marikina River.
- The project is part of 'Build, Build, Build' infrastructure development program and the integrated transport strategy to decongest Metro Manila and promote development in the region.

Source: Asian Development Bank (15/12/2021), Housing Research

ADB approves USD 385 million for flagship urban development project in Pakistan

- The Asian Development Bank (ADB) approved USD 385 million to help improve the liveability and community health in five cities in the Khyber Pakhtunkhwa province of Pakistan.
- The Khyber Pakhtunkhwa Cities Improvement Project will aid in development of infrastructure for clean water supply, sewerage treatment facilities, and tube wells systems among other subprojects in the cities of Abbottabad, Kohat, Mardan, Mingora, and Peshawar.

Source: Asian Development Bank (10/12/2021), Housing Research



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