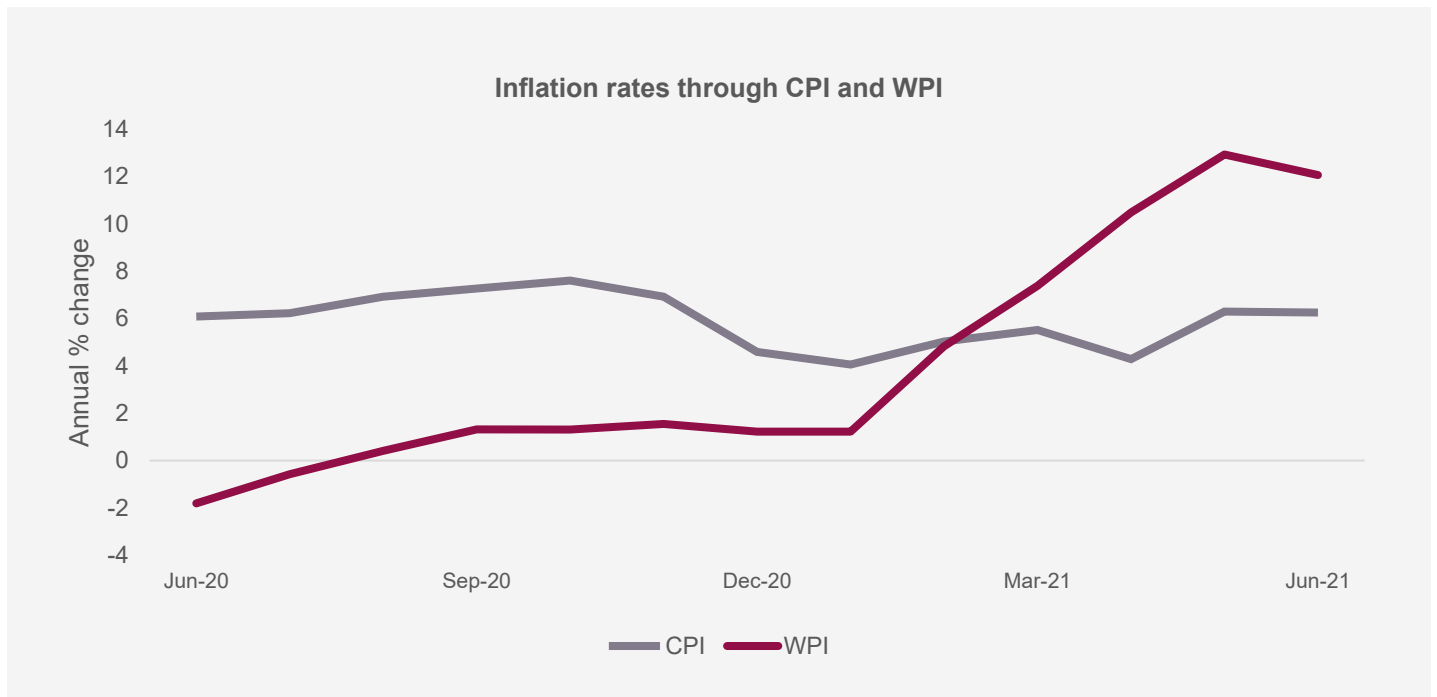


JULY 2021

EconoBeat

A comprehensive monthly dialogue on leading indicators

CPI at a six-month high; WPI continues to see double-digit growth

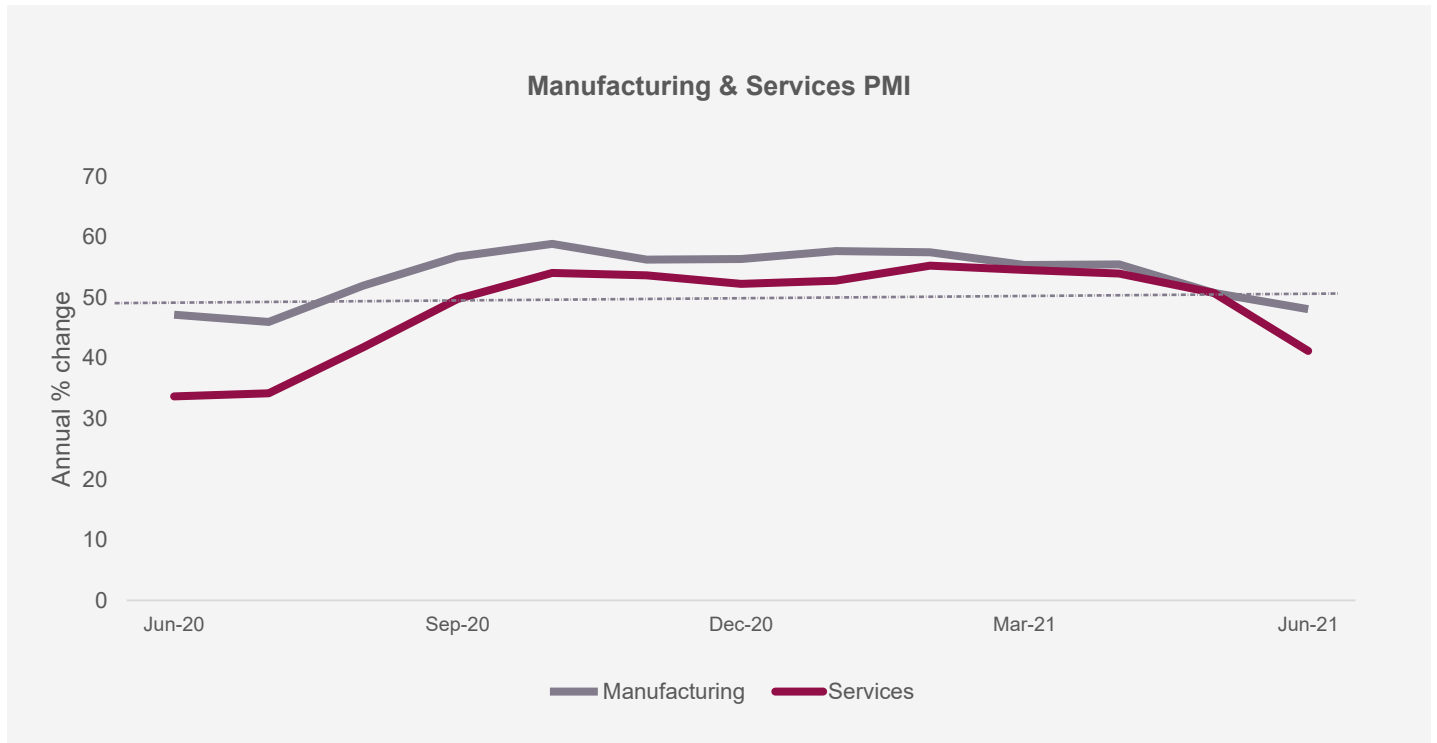


Source: Ministry of Statistics and Programme Implementation, Office of Economic Advisor, Housing Research

- The retail inflation in India was 6.26 percent in June 2021 as the increasing cost of food and fuel prices continued to push the consumer price index (CPI) above the central bank's 6 percent target.
- In May 2021, CPI was pegged at 6.30 percent.
- The CPI in urban areas (6.37 percent) continued to rise on a sequential basis and saw a seven-month high in June 2021.
- The risk of rising cases and localised lockdowns have disrupted the supply and demand chains, thus putting upward pressure on commodity prices.
- The wholesale price-based inflation eased marginally to 12.07 percent in June 2021, compared to 12.94 percent the previous month.
- The wholesale price index (WPI) has been on an uptick for five months straight, seeing double-digit growth since April 2021.
- The high inflation rate in wholesale prices is primarily due to the low base effect and rise in crude oil prices and manufactured products.

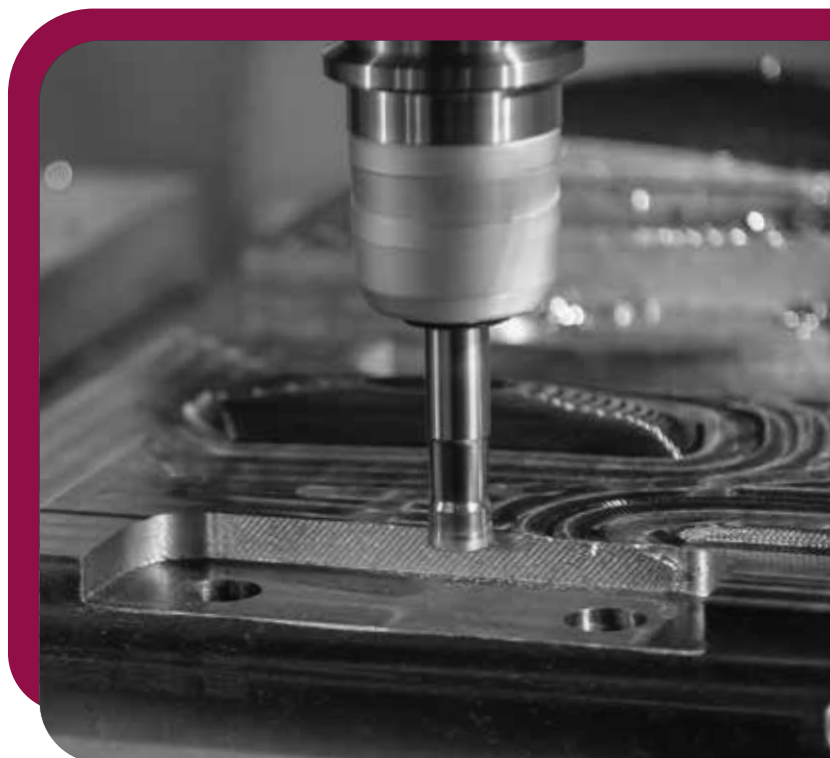


Manufacturing PMI below 50 mark first time in 11 months; services activity contract further

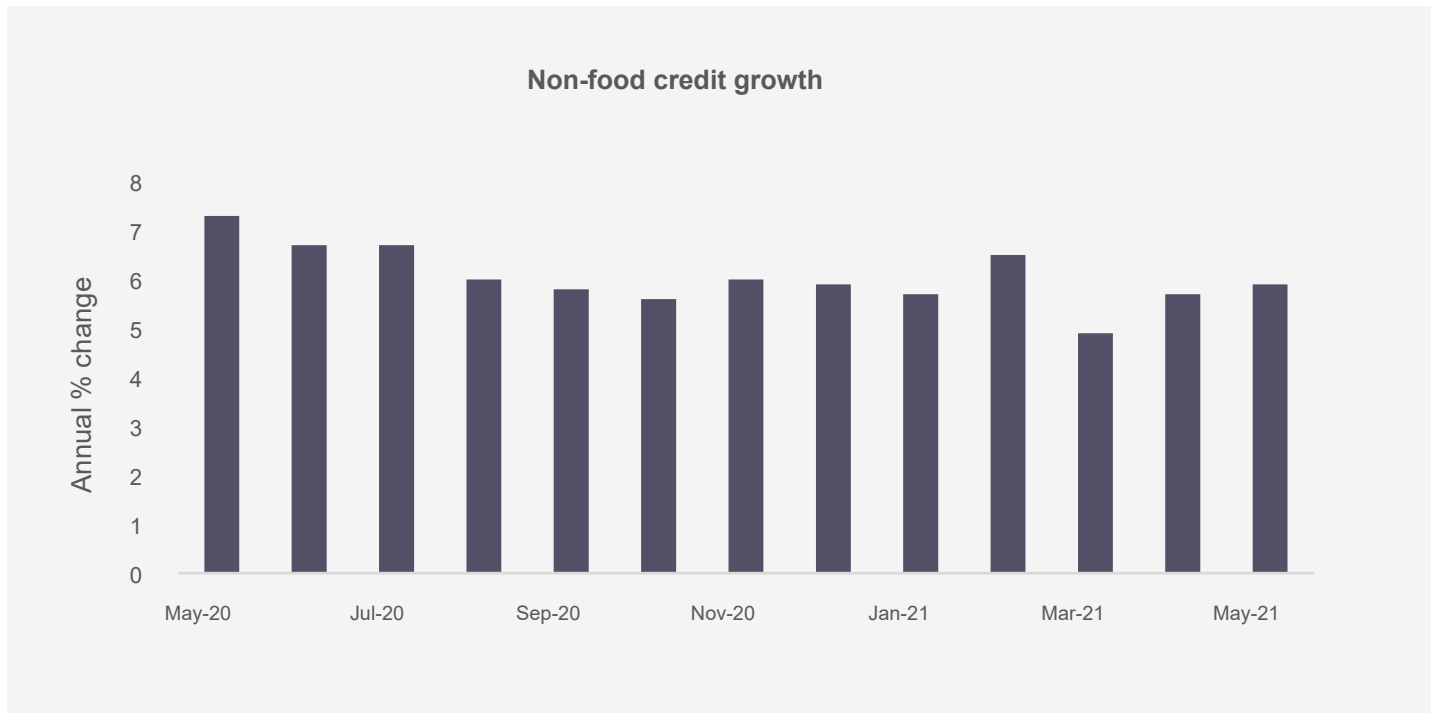


Source: IHS Markit, Housing Research

- The Manufacturing Purchasing Managers Index (PMI) contracted for the first time in 11 months and reached 48.1 in June 2021, compared to 50.8 in the preceding month.
- The downward revision of the growth comes on the back of restrictions, falling new orders, and business closures amidst the second wave of COVID-19 pandemic.
- The Services PMI remained in the contraction zone and was pegged at 41.2 in June 2021, compared to 46.4 in May 2021.
- The decline in new businesses, output and employment, impacted the Services PMI during the second wave. However, the contraction is much softer than that recorded during the first lockdown.
- According to PMI parlance, a reading above 50 indicates expansion, while below 50 indicates contraction.



Non-food credit declines marginally year-on-year

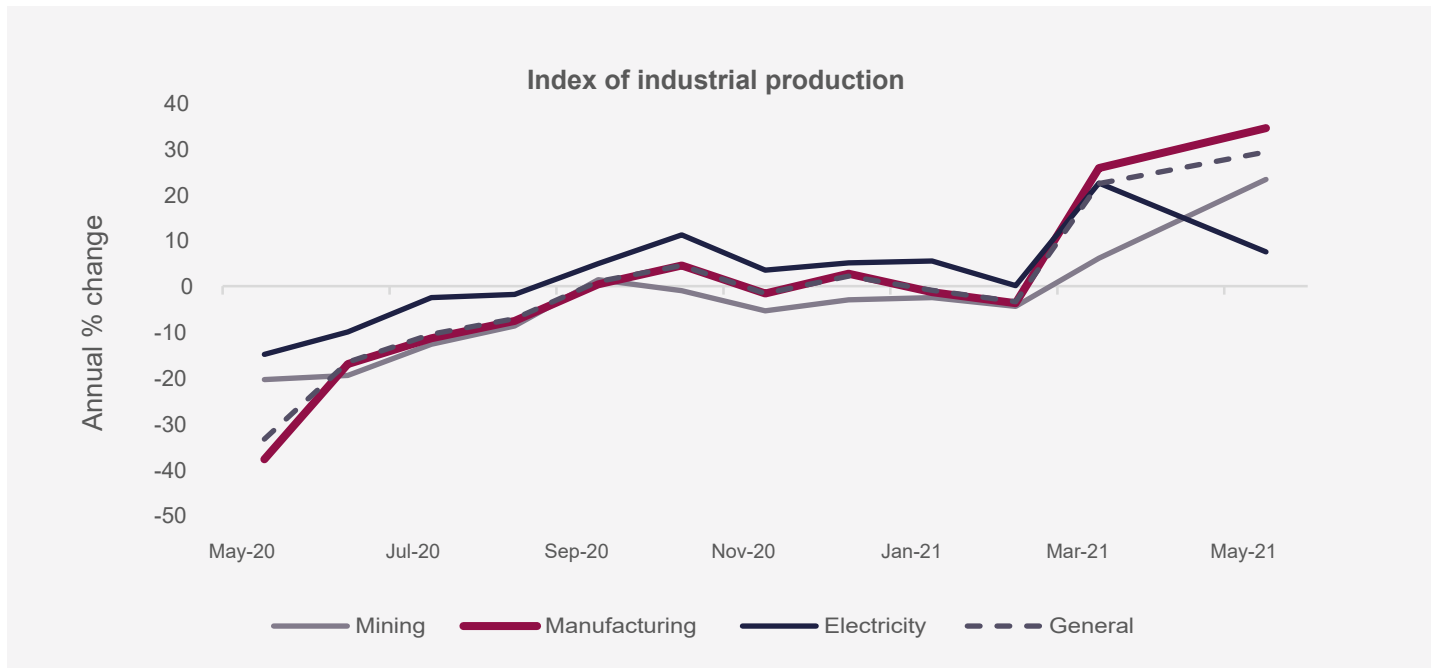


Source: Reserve Bank of India, Housing Research

- The non-food credit growth decelerated to 5.9 percent YoY in May 2021.
- However, compared to previous months, the non-food credit growth has shown a marginal uptick after an all-time low in March 2021.
- The credit in agriculture and allied services accelerated to 10.3 percent in May 2021, compared to 5.2 percent in the same period last year.
- In line with the contraction of services activities during the second wave, the credit growth in this sector decelerated to 1.9 percent in May 2021 compared to 10.3 in May 2020.
- With the opening of activities, personal loans grew by 12.4 percent in May 2021 compared to 10.6 percent a year ago.
- The credit growth in the housing sector (including the priority sector) saw a growth of 10.1 percent YoY in May 2021.



IIP rises 29.3 percent in May 2021



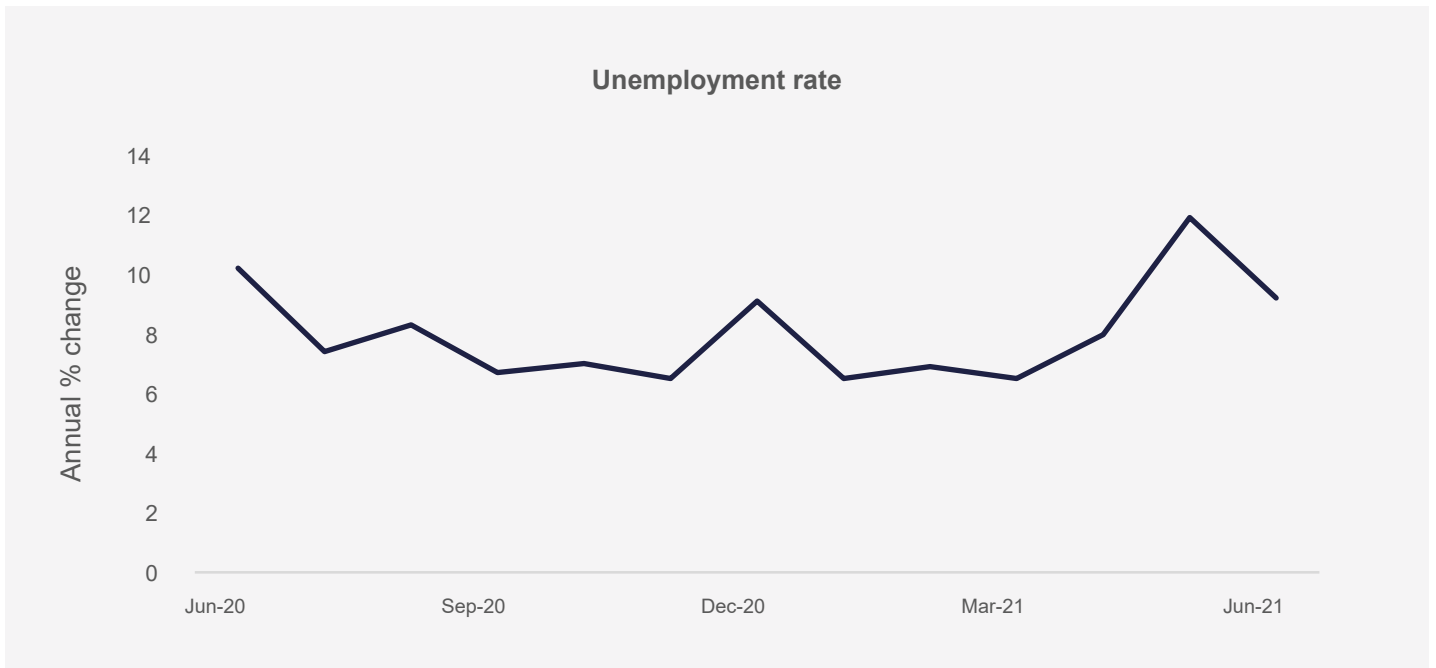
Source: Ministry of Statistics and Programme Implementation, Housing Research

Note: Data for April 2021 is not available

- Industrial production saw a growth of 29.3 percent YoY in May 2021. The same period the previous year saw IIP contract by 33.4 percent.
- Although the second wave has been far more severe than the first, the indicators hint at a speedier recovery.
- All sectors, except electricity, saw double-digit growth in May 2021, keeping in sight the low base effect due to the nationwide lockdown in the previous year.
- Considering the pre-pandemic levels of May 2019, the current index is still at a lower level.



Unemployment eases in June 2021



Source: Centre for Monitoring Indian Economy, Housing Research

- The unemployment rate eased to 9.2 percent in June 2021, after witnessing a spike of 11.9 percent in May 2021 due to the second wave.
- The unemployment rate in urban areas remains higher (10.0 percent) than the 8.7 percent in rural areas due to local lockdowns and the prevalence of coronavirus cases during the second wave.
- The gradual lifting of restrictions, vaccination and declining cases are pushing the workforce back into work, leading to a reduction in the unemployment rate.



KEY UPDATE

DOMESTIC

Commerce Ministry unveils 'Freight Smart Cities'

- The Logistics division under the aegis of the Ministry of Commerce and Industry unveiled its plan for Freight Smart Cities to augment urban freight and reduce logistics costs.
- The state governments will identify 10 cities to be developed as Freight Smart Cities in the initial phase. After which, the initiative will be expanded to 75 cities before scaling up to the pan India level.

Source: Ministry of Commerce and Industry (02/07/2021), Housing Research

Centre approved construction of 3.61 lakh houses under PMAY-U in June 2021

- The government approved 706 proposals to construct 3.61 lakh houses under Pradhan Mantri Awas Yojana – Urban (PMAY-U) on 8th June 2021.
- In total 112.4 lakh houses have been sanctioned under PMAY-U until now, of which 48.31 have been completed/delivered.

Source: Ministry of Housing & Urban Affairs (09/06/2021), Housing Research

Adani Group takes over Mumbai Airport, Zurich Airport signs shareholder agreement for Jewar airport

- Adani Airport Holdings Ltd (AAHL), a wholly-owned subsidiary by Adani Group, acquired 74 percent share in the Mumbai International Airport Limited (MIAL). AAHL will also begin the construction of Navi Mumbai International Airport (NMIA).
- Zurich Airport International AG and Noida International Airport Limited (NIAL) signed a shareholder agreement for the development of an airport at Jewar, Uttar Pradesh. The first phase of the airport is expected to be operational by 2023, with a handling capacity of 12 million passengers per year.

Source: Industry Sources, Housing Research

Cabinet approves MoU with Maldives and Japan for sustainable urban development

- Ministry of Housing and Urban Affairs (MoHUA) signed a separate memorandum of understanding with the governments of Maldives and Japan on cooperation in the field of Sustainable Urban Development.
- The MoU will promote strong technical cooperation and create employment opportunities in the field, including urban planning, smart cities, affordable housing, rental housing, transit-oriented development and many more.

Source: Ministry of Housing & Urban Affairs (02/06/2021), Housing Research

USD 125 million programme to support a Green and Resilient Kerala – World Bank

- The World Bank approved a USD 125 million programme to support Kerala for preparedness against natural disasters, climate change, disease, and pandemic outbreaks.
- The Resilient Kerala Program will focus on key areas of incorporating disaster risk planning and management in master plans and local self-governments and make health, water, agriculture, resource management and road sectors more resilient to calamities.

Source: The World Bank (24/06/2021), Housing Research

Modernised Gandhinagar Capital railway station open for passengers

- Gandhinagar Capital becomes India's first functional redeveloped railway station, with state-of-the-art facilities at par with modern airports.
- Some of the facilities at the railway station include a five-star hotel, lifts, ramps, dedicated parking area, art gallery, and a centralised multipurpose waiting lounge area.

Source: Ministry of Railways (15/06/2021), Housing Research

INTERNATIONAL

US House approves USD 715 billion infrastructure bill

- The US House of Representatives approved USD 715 billion for the surface transportation and water infrastructure bill.
- The bill will facilitate investments in roads, bridges, highway safety, electric vehicle charging stations, rail, transit, drinking and wastewater infrastructure.

Source: Industry Sources (02/07/2021), Housing Research

EU to launch a global infrastructure plan

- The European Union plans to launch a global infrastructure plan linking Europe to the world.
- The plan includes partnership deals with India and Japan to coordinate transport, energy and digital projects connecting Europe and Asia.

Source: Industry Sources (13/07/2021), Housing Research

USD 1 billion fund for renewables among key energy commitments – United Nations

- The IKEA Foundation and The Rockefeller Foundation launched a USD 1 billion fund to boost access to renewable energy in developing countries.
- This is one of the key commitments made during a series of virtual UN ministerial forums this week.

Source: United Nations (25/06/2021), Housing Research

World Bank extends financing worth USD 7 billion for development projects in Turkey

- The World Bank has extended financial support worth USD 7 billion to Turkey for critical development projects focusing on climate change mitigation and adaptation.
- Some of the focus areas include investments in industrial zones, resilient landscape, energy efficiency, digital economy and urban resilience.

Source: The World Bank (15/07/2021), Housing Research



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January - June 2021



IRIS Index
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Real Insight (Residential)
Q2 2021



EconoBeat (June Edition)
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State of Indian Healthcare
2021



Real Insight
(Residential) Q1 2021



Bricks to Clicks: Smart Homes
in India - A Luxury No More



PropTech: The future
of real estate in India



Real Insight
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Time for Internal
Globalisation Small cities
setting the tone for revival



Concerned, Yet Positive:
Real Estate Consumer Sentiment Survey
September 2020

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