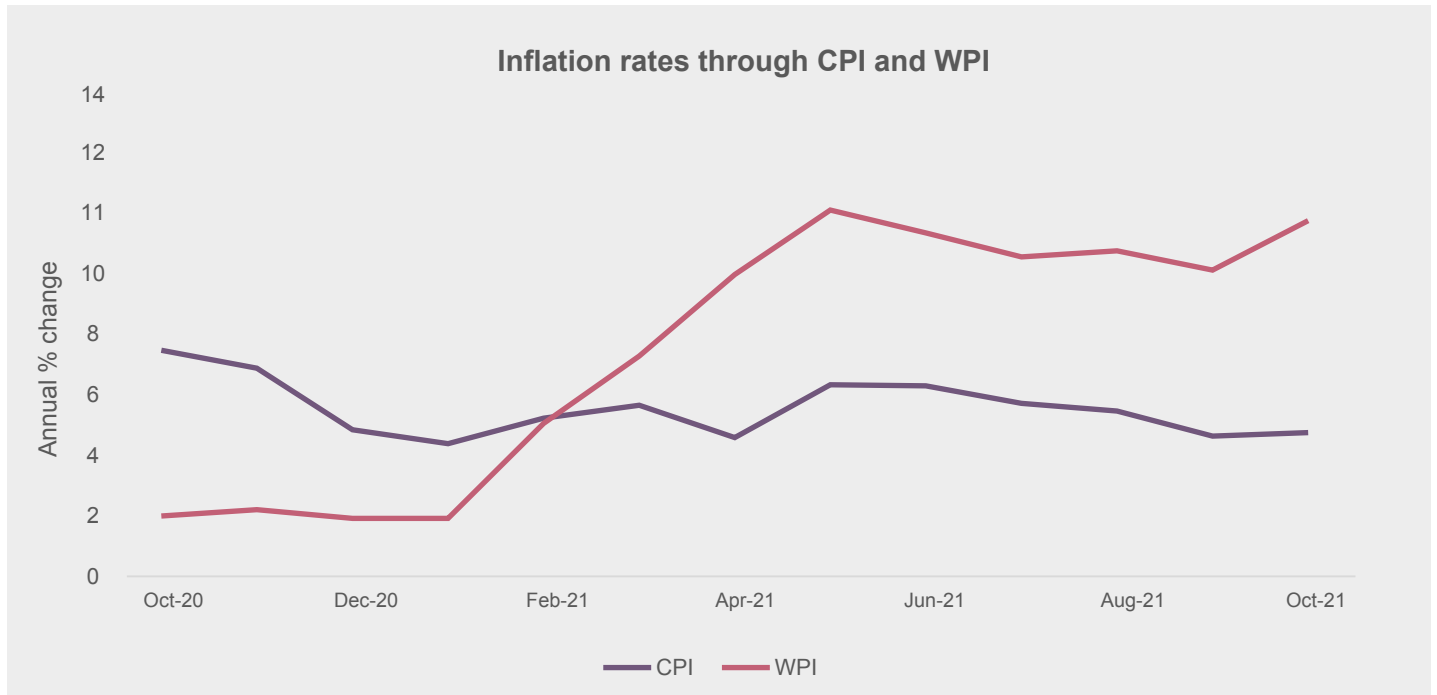


NOVEMBER 2021

# EconoBeat

A comprehensive monthly dialogue on leading indicators

# Retail and wholesale inflation rises marginally in October



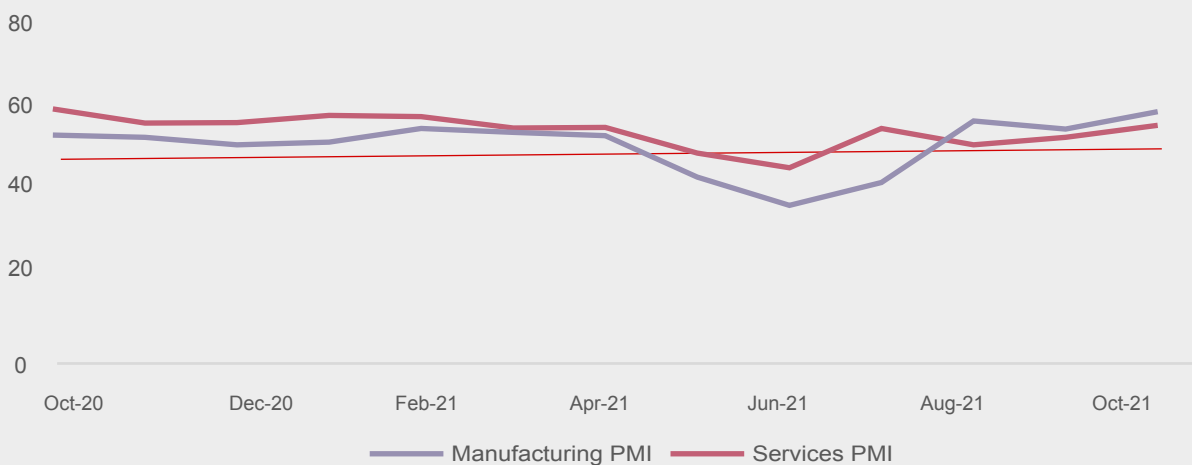
Source: Ministry of Statistics and Programme Implementation, Office of Economic Advisor, Housing Research

- The retail inflation has marginally increased to 4.48 percent in October 2021, after easing continuously since June 2021.
- The CPI inflation recorded an uptick owing to the rising fuel and edible oil prices. However, the inflation remains within the RBI's target band of 2-6 percent. The retail inflation was 7.61 percent in October previous year.
- Inflation in urban areas recorded a slight increase of 5.04 percent in October, from 4.57 in the previous month.  
Unlike the urban areas, the rural areas recorded a decrease and reached 4.07 percent, lowest the in the last two years.
- The WPI inflation spiked after easing for past three months. The wholesale inflation reached 12.54 percent in October, compared to 11.39 in the preceding month.
- The wholesale price-based inflation has been recording double-digit growth since April of this year.
- The WPI expanded due to price rise in mineral oils, basic metals, food products, crude petroleum, chemicals and chemical products compared to corresponding month in 2020.



# Manufacturing PMI continues to expand, services PMI at a decade high

Manufacturing and Services PMI

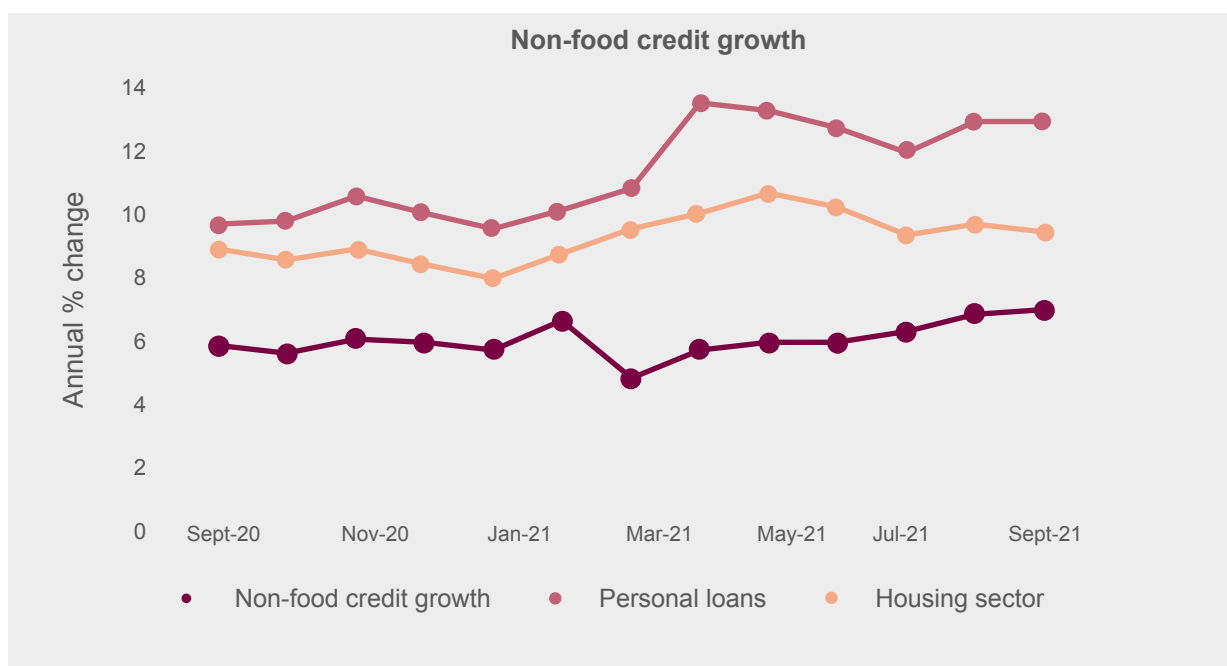


Source: IHS Markit, Housing Research

- The Manufacturing Purchasing Managers Index (PMI) has expanded for five months straight, reaching 55.9 in October 2021.
- Favourable market conditions, improving sales volume, and rising new orders have all given a boost to the manufacturing activity in October this year.
- The Services PMI hit the decade-high after reaching 58.4 in October 2021. The services activity has expanded since August 2021 after hitting a roadblock during the second wave.
- Robust demand, successful marketing and growth in sales have been the underlying factors buoying the services activity in the country.
- According to PMI parlance, a reading above 50 indicates expansion, while below 50 indicates contraction.



## Non-food credit growth highest since February 2020

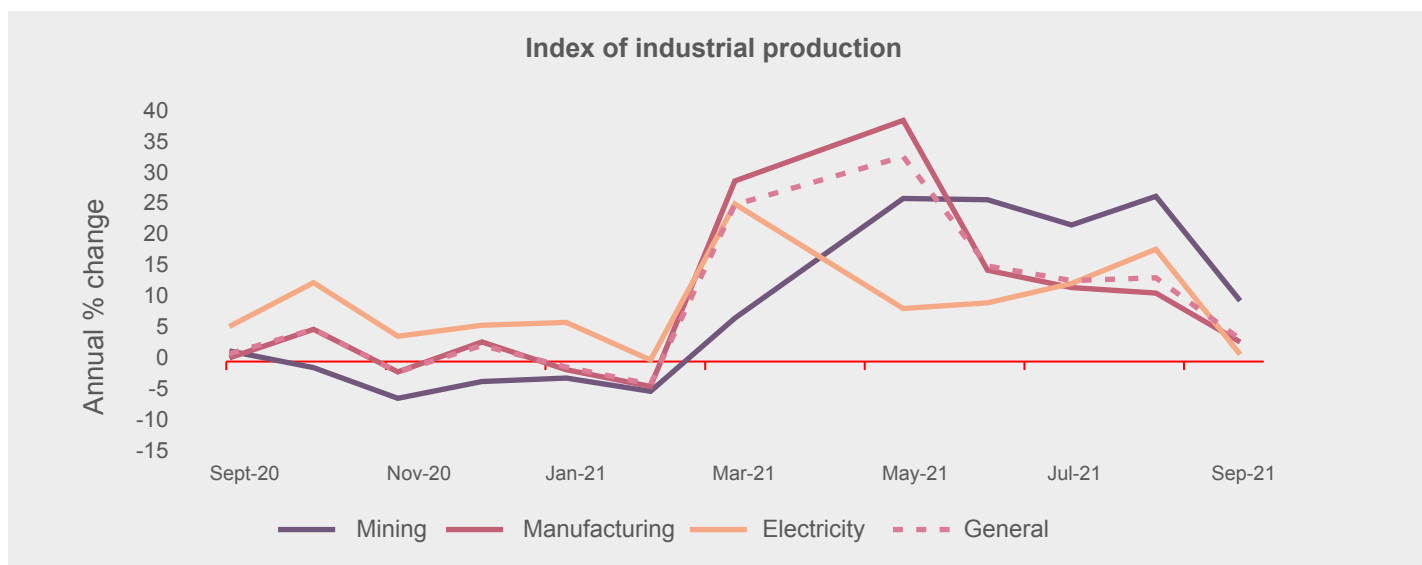


Source:: Reserve Bank of India, Housing Research

- The non-food credit grew by 6.8 percent YoY in September 2021, the highest since February 2020.
- The increase has been aided by higher offtake in home loans, gold loans and credit to medium-sized industries and the agricultural sector.
- The personal loans recorded a YoY growth of 12.1 percent in September of this year, compared to 9.2 in the corresponding month in 2020.
- The historic low-interest rates and offers from lending banks have led to faster credit growth in the housing sector. The credit in the housing sector (including the priority sector), grew at 9.0 percent YoY in September compared to 8.2 in the year-ago period.



# Eight core sector's output decelerates in September



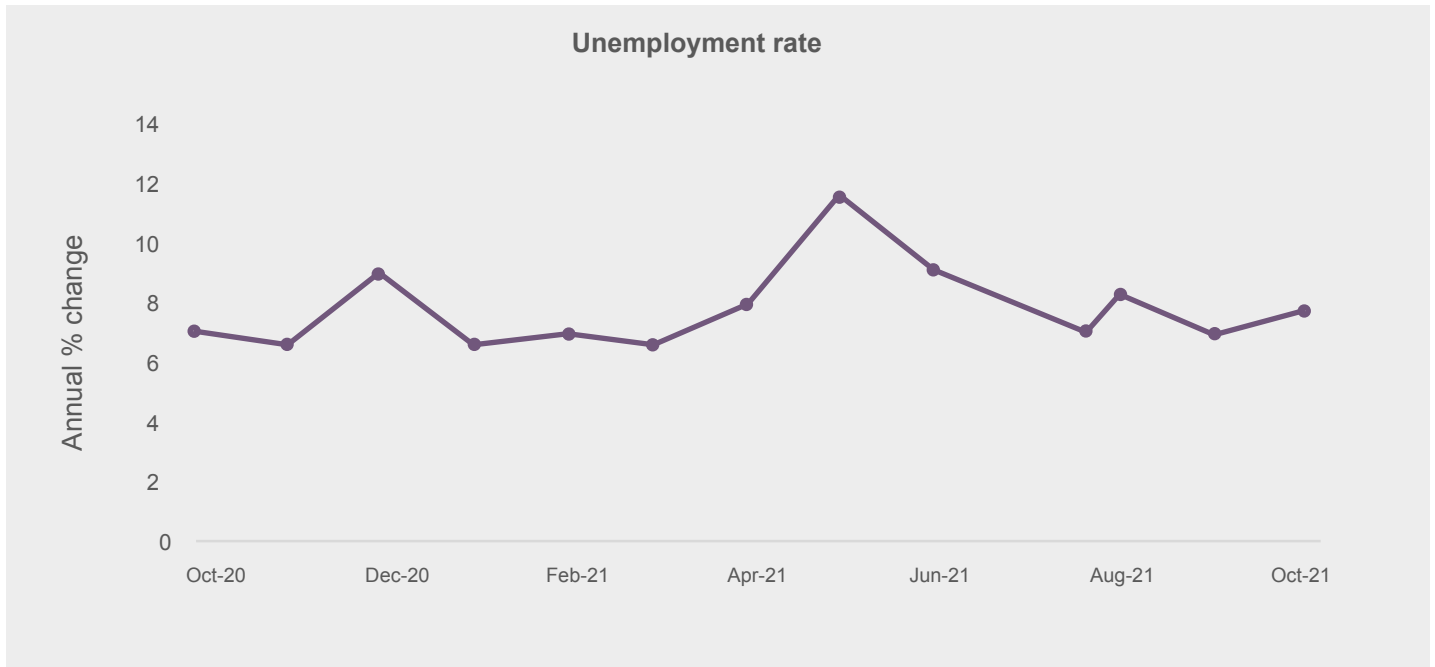
Note: Data for April 2021 is not available

Source: : Ministry of Statistics and Programme Implementation, Housing Research

- India's industrial output decelerated to 3.1 percent in September 2021 – lowest since March of this year.
- The degrowth is attributed to waning low base, disruption during monsoons and the impact of global semiconductor shortage on the automobile industry.
- The mining sector output rose by 8.6 percent YoY in September, whereas the manufacturing and electricity sector rose by 2.7 percent and 0.9 percent respectively during the same period.
- The general IIP reached 127.9 points in September 2021, surpassing the September 2020 levels of 124.1. The index was pegged at 122.9 in September 2019.

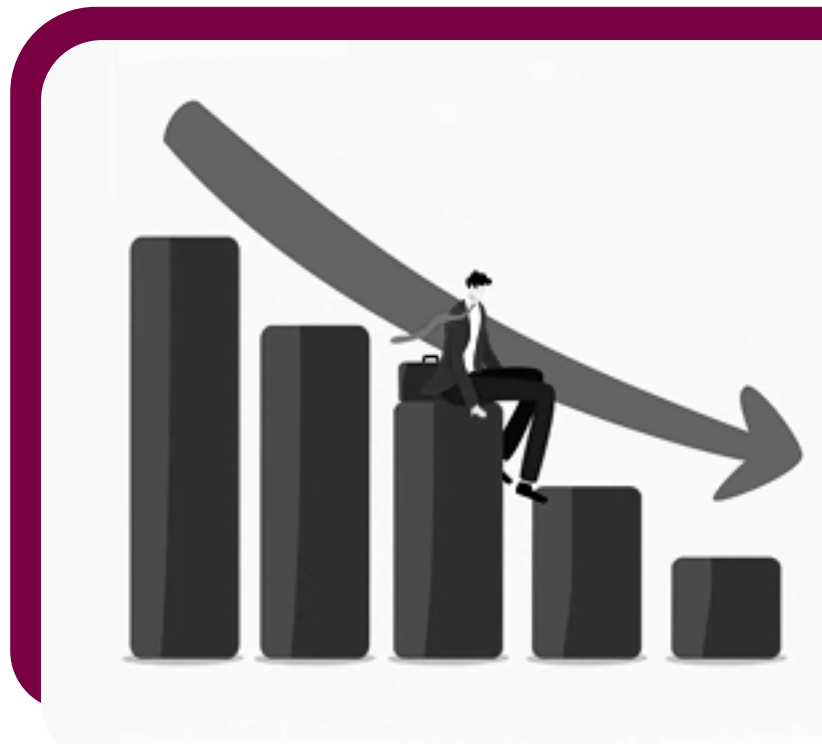


## Unemployment rate rises in October from a three-month low



Source: Centre for Monitoring Indian Economy, Housing Research

- The unemployment rate in India rose to 7.75 percent in October 2021 on the back of rising joblessness in rural areas. In comparison the unemployment rate was 6.86 percent in preceeding month.
- In the case of urban areas, the unemployment rate has continued to ease as economic activities have picked up and restrictions on movement have eased.
- In urban areas, the unemployment rate reached 7.38 percent in October, the lowest since April of this year.
- On the other hand, the rural areas recorded a uptick by reaching 7.91 percent, after easing continuously since last five months.



# KEY UPDATE

## DOMESTIC

### Indore wins title of 'Cleanest City' for fifth consecutive time

- Indore, a city located in Madhya Pradesh in India, was awarded the title of 'Cleanest City' under Swachh Survekshan.
- Surat from Gujarat and Vijaywada in Andhra Pradesh bagged the second and third spots respectively in the category of cities with more than one lakh population.

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

### Ministry approves new road projects worth INR 1,250 crore for Goa

- The Union Road Transport and Highway Ministry sanctioned a total of INR 1,250 crore for road development work in the state of Goa.
- The stretches to be taken up under development include the road from Navelim to Cuncolim, Cancona outer bypass road to Polem, Sanjeevani Sugar Factory Dharbandora to Khandepar and Ponda to Bhoma.
- Development works worth INR 25,000 crore have been implemented in Goa under Sagarmala and Bharatmala projects since 2014.

Source: Ministry of Road Transport & Highways (2/11/2021), Housing Research

### Cabinet approves restoration and continuation of Member of Parliament Local Area Development Scheme

- The cabinet has approved restoration and continuation of the Member of Parliament Local Area Development Scheme (MPLADS) up to Financial Year 2025-26.
- The MPLADS is a centrally funded scheme with an objective of enabling Members of Parliament (MPs) to recommend developmental works in their constituencies for creating assets in areas of drinking water, primary education, health, sanitation, and roads, etc.

Source: Ministry of Statistics & Programme Implementation (10/11/2021), Housing Research

### India and ADB sign USD 61 million loan to improve urban services in Agartala city

- The cabinet has approved restoration and continuation of the Member of Parliament Local Area Development Scheme (MPLADS) up to Financial Year 2025-26.
- The MPLADS is a centrally funded scheme with an objective of enabling Members of Parliament (MPs) to recommend developmental works in their constituencies for creating assets in areas of drinking water, primary education, health, sanitation, and roads, etc.

Source: Ministry of Finance (15/11/2021), Housing Research

### Health sector grant of INR 8,454 crore released to rural and urban local bodies

- The ministry of finance has released an amount of INR 8,454 crore as a health sector grant for rural and urban local bodies in 19 states.
- The 15th Finance Commission had recommended a total grant of INR 4,27,911 crore to local bodies between FY 22 – FY 26, of which INR 70,051 crore is included as health grants. Of this health grant, 63 percent is allocated to urban local bodies and the remainder to the rural ones.

Source: Ministry of Finance (13/11/2021), Housing Research

### India and World Bank sign USD 40 million to strengthen health systems in Meghalaya

- The government of India, the state government of Meghalaya, and the World Bank signed a health project worth USD 40 million for Meghalaya to improve quality health services and strengthen the state's capacity to handle future health emergencies.
- The Meghalaya Health Systems Strengthening Project is to improve management and governance capabilities of health facilities, augment coverage of the state's insurance program, and enable efficient access to medicines and diagnostics.

Source: : Ministry of Finance (1/11/2021), Housing Research



# INTERNATIONAL

## Remittances flows register a robust 7.3 percent growth in 2021 – World Bank

- The remittances inflow in low-and-middle income countries have been estimated to grow at 7.3 percent to reach USD 589 billion in 2021.
- Remittance is the fund transferred by the migrant to their home countries to support households, which also contributes to the country's gross domestic product (GDP).

Source: World Bank (17/11/2021), Housing Research

## ABD to loan USD 600 million to help Philippines to provide universal health care

- The Asian Development Bank has approved USD 600 million to the Philippines to provide quality and equitable healthcare.
- The Build Universal Health Care Program is to improve the financing and delivery of health services and monitoring the performance of health service providers.

Source: Asian Development Bank (19/11/2021), Housing Research

## World food prices surge to a new peak – United Nations

- The Food and Agricultural Organisation's Food Price Index averaged at 133.2 points in October 2021, up by 3.9 points than previous the month. The index is at its highest level since July 2011.
- The production, consumption and distribution of food use about a third of the world's total energy. Feeding the world population is also responsible for a third of the world's global greenhouse gas emissions as per UN's COP 26.

Source: United Nations (4/11/2021), Housing Research

## Japan announces grant of USD 25 million for ADB-Led Energy Transition Mechanism in Southeast Asia

- The Government of Japan announced a grant of 25 million towards Energy Transition Mechanism (ETM) led by the Asian Development Bank responsible for 79 percent of all greenhouse gas emissions.
- The ETM project is to aid in cutting greenhouse gas emissions in Asia and the Pacific by enhancing the acceleration to reliable and clean energy from carbon-intensive processes.

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





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## Housing Research

### Ankita Sood

Director – Research | Growth & Marketing  
Housing.com | PropTiger.com | Makaan.com  
[ankita.sood@housing.com](mailto:ankita.sood@housing.com)

### Renuka Kulkarni

Associate – Research | Growth & Marketing  
Housing.com | PropTiger.com | Makaan.com  
[renuka.kulkarni@housing.com](mailto:renuka.kulkarni@housing.com)

## Graphics

### Yasir Anjum

Associate - Growth & Marketing  
Housing.com | PropTiger.com | Makaan.com  
[yasir.anjum@housing.com](mailto:yasir.anjum@housing.com)

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**Head office:** Echelon Square, Plot No-25, Sector-32, Gurugram  
PIN-122001 (Haryana), India | 0124-4866700

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