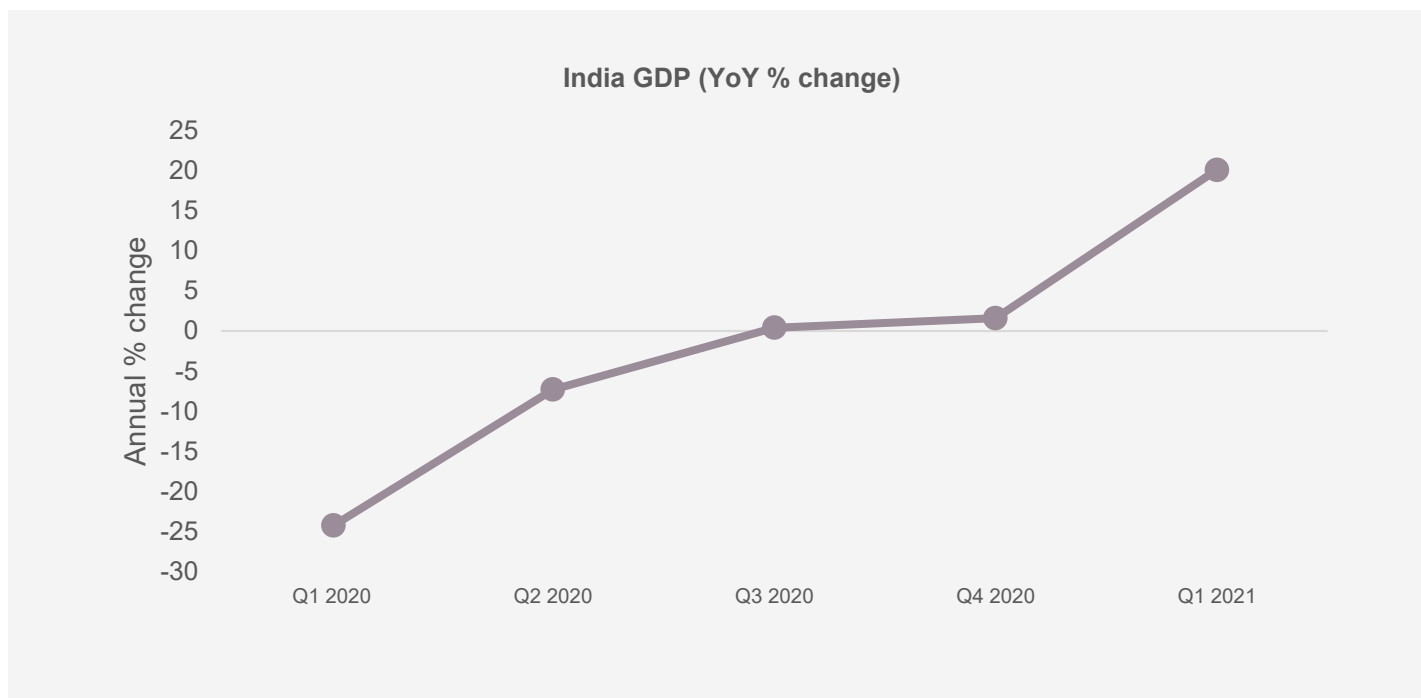


SEPTEMBER 2021

# EconoBeat

A comprehensive monthly dialogue on leading indicators

# India GDP growth soared to a record high on the back of low base



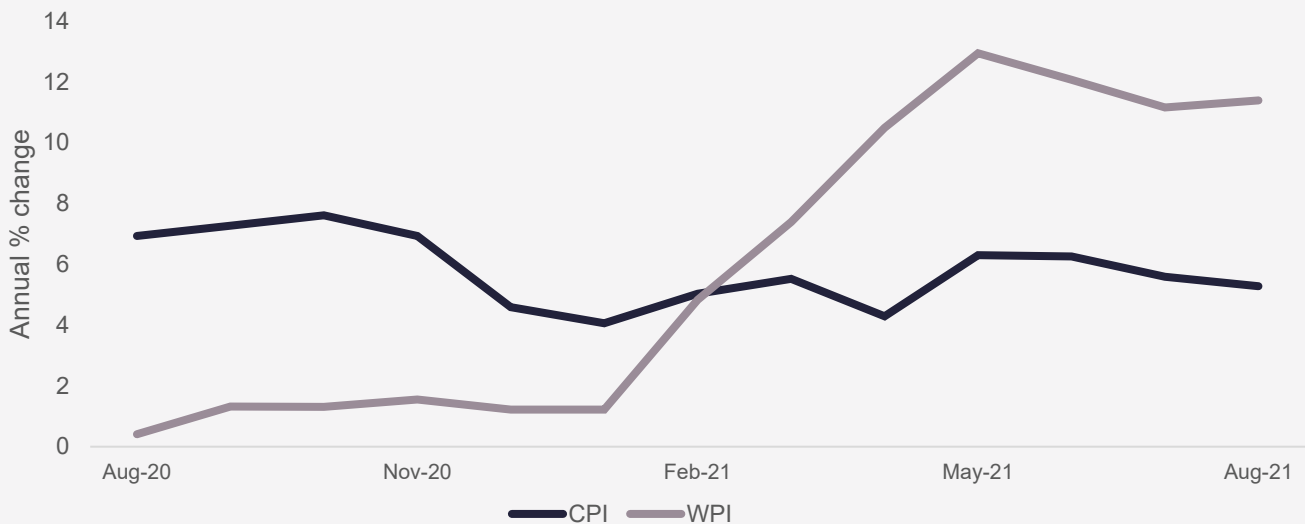
Source: Ministry of Statistics and Programme Implementation, Housing Research

- India's gross domestic product (GDP) accelerated to 20.1 percent YoY in the first quarter of FY 2021.
- The GDP soared to a record high on the back of low base and improved consumer sentiments amid the accelerated inoculation.
- Indian economy witnessed growth despite the drag of a more severe second wave. The impact of local lockdowns was not as severe as the national lockdown in the year ago period.
- The GDP at constant prices (base: 2011—12) is estimated at INR 32.38 lakh crore in Q1 FY 2021 compared to INR 26.95 in the year ago period.



# August retail inflation eases to a four-month low; WPI continues to see double-digit growth

Inflation rates through CPI and WPI

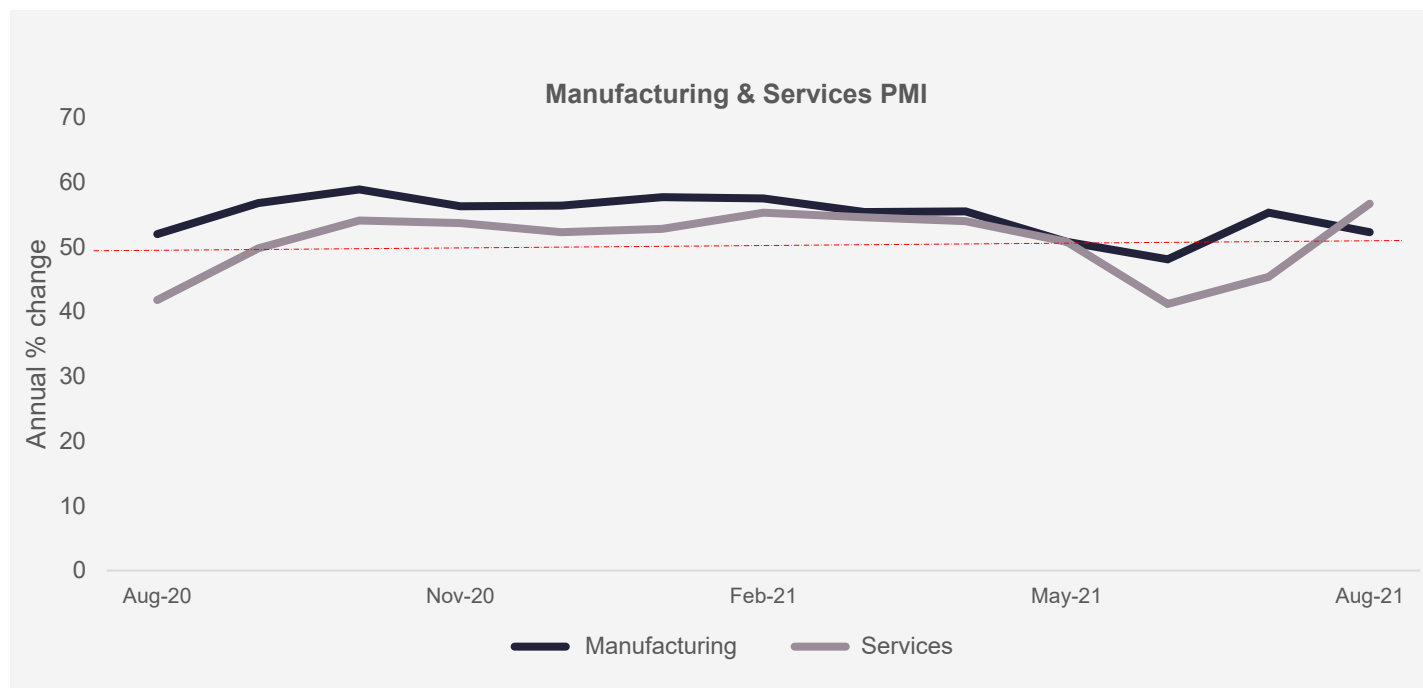


Source: Ministry of Statistics and Programme Implementation, Office of Economic Advisor, Housing Research

- India's retail inflation continued to ease marginally reaching a four-month low of 5.28 percent in August 2021. The CPI inflation was pegged at 5.59 in the previous month.
- The CPI inflation in urban areas also eased to 5.30 percent in August 2021, compared to 5.82 in the previous month.
- The retail inflation continues to stay within the RBI's target band of 2–6 percent.
- The moderation of prices was recorded in all components except clothing, footwear, fuel and power. The food prices cooled down further in August 2021 on the back of reduced inflation in vegetable prices.
- The WPI inflation resurged to 11.39 percent in August 2021, compared to 11.16 percent in the preceding month.
- The wholesale price-based inflation flared up on the back of rise in prices in mineral oils, crude petroleum & natural gas; manufactured products like basic metals; food products; textiles; chemicals and chemical products.



## Manufacturing PMI slips in August; services PMI out of contraction zone

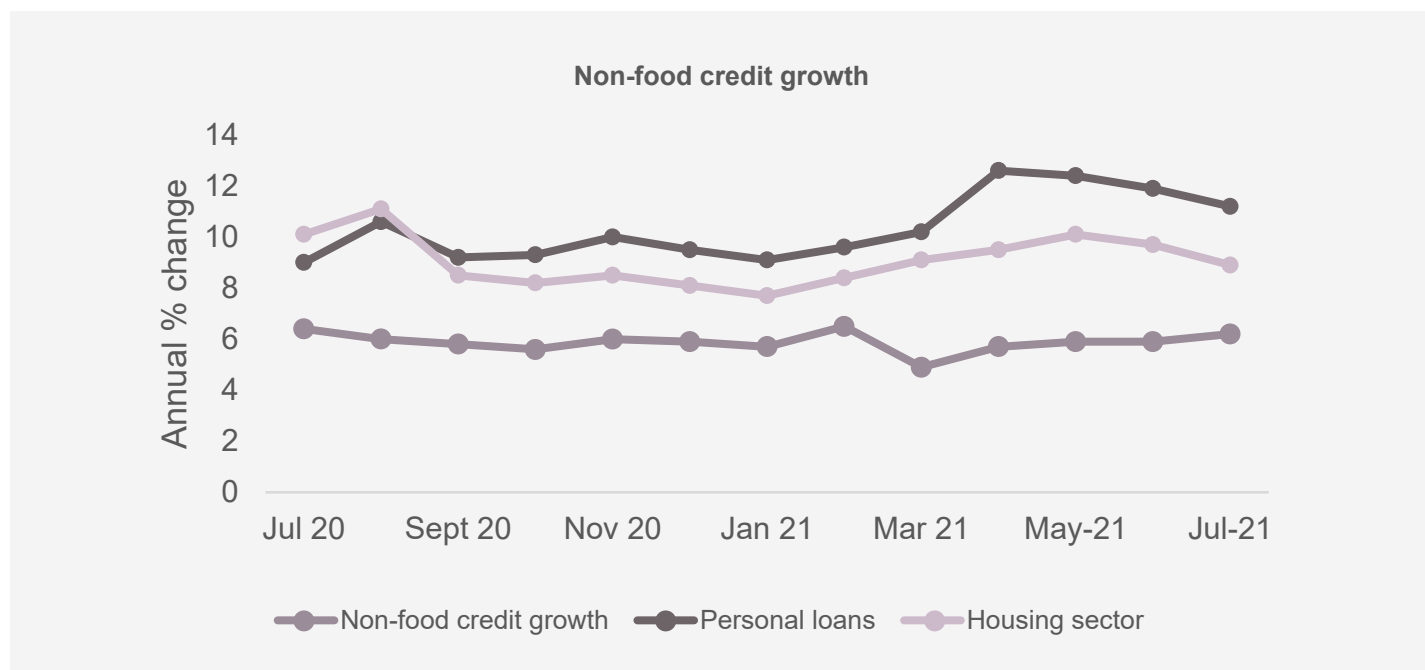


Source: IHS Markit, Housing Research

- The Manufacturing Purchasing Managers Index (PMI), slipped to 52.3 in August 2021 compared to 55.3 in the previous month. However, it continued to remain in the expansion zone.
- The overall rate for expansion momentum for Manufacturing PMI subsided in August, as the cost pressures and threat of resurgence of cases continued to affect the stakeholder confidence.
- India Services PMI expanded and reached 56.7 in August 2021, after staying in the contraction zone for the past three months.
- The services sector activity rose on the account of lifting of restrictions, opening of firms, inflow of new work and improving demand.
- According to PMI parlance, a reading above 50 indicates expansion, while below 50 indicates contraction.



# Non-food credit growth pace eases in June

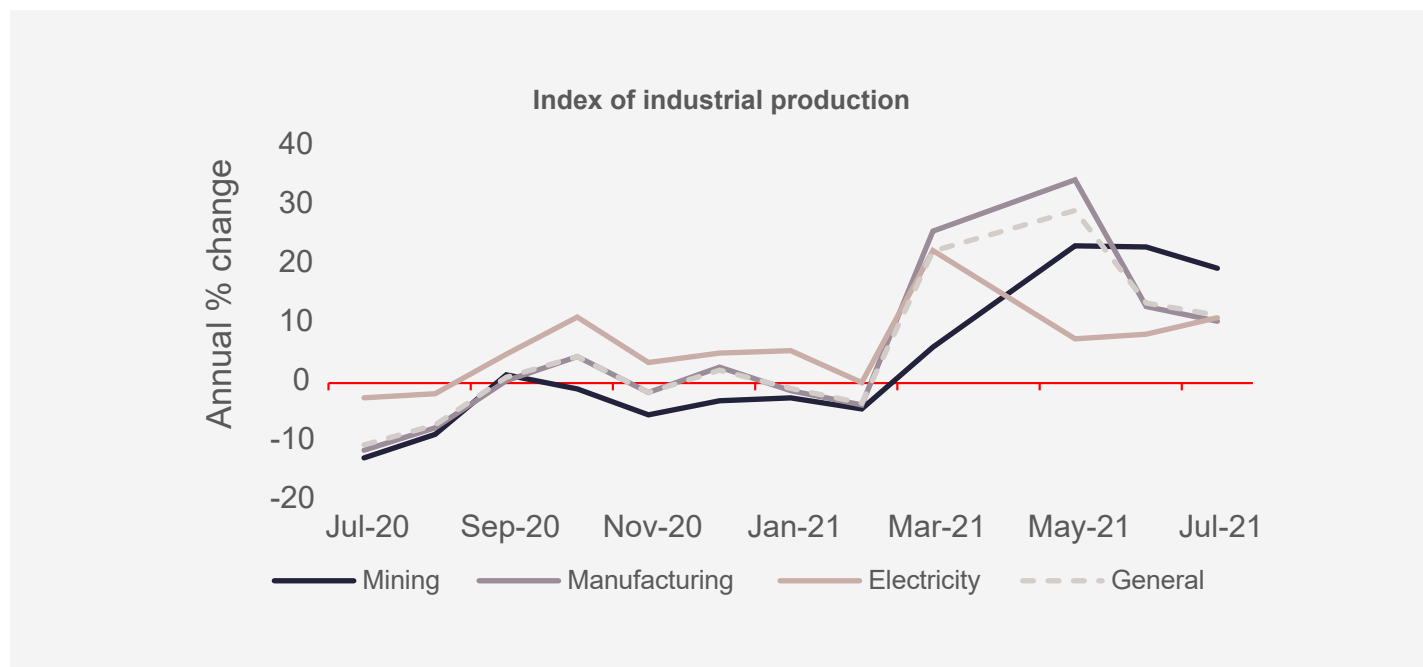


Source: Reserve Bank of India, Housing Research

- The non-food credit growth grew at 6.2 percent YoY in July 2021, compared to 6.4 percent same period the previous year.
- The advances to agriculture and allied services continued to perform well, registering a YoY growth of 12.4 percent in July 2021, compared to 5.4 percent in the year ago period.
- Credit growth in the services sector remained subdued and was pegged at 2.7 percent YoY in July 2021 compared to 12.2 percent in July 2020.
- The personal loans accelerated by 11.2 percent in July 2021 compared to 9.0 percent a year ago on the back of loan against gold and vehicle loans.
- The credit in the housing sector (including the priority sector) grew at 8.9 percent YoY in July 2021.



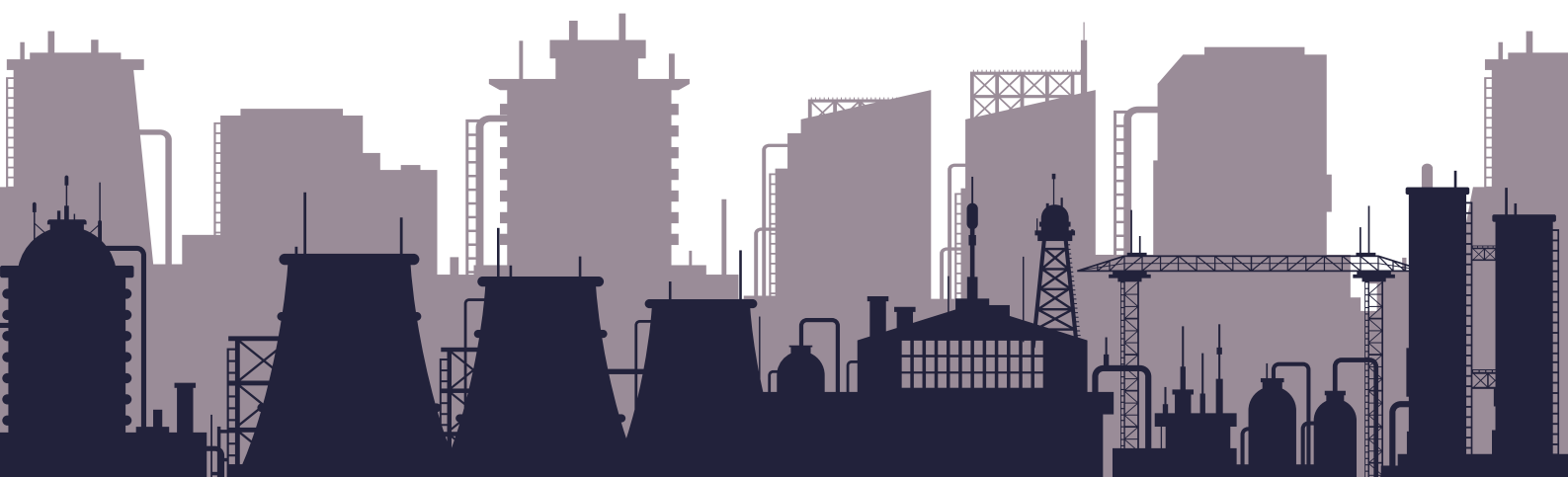
# Factory output gathers pace – IIP registers 11.5 percent YoY growth in August 2021



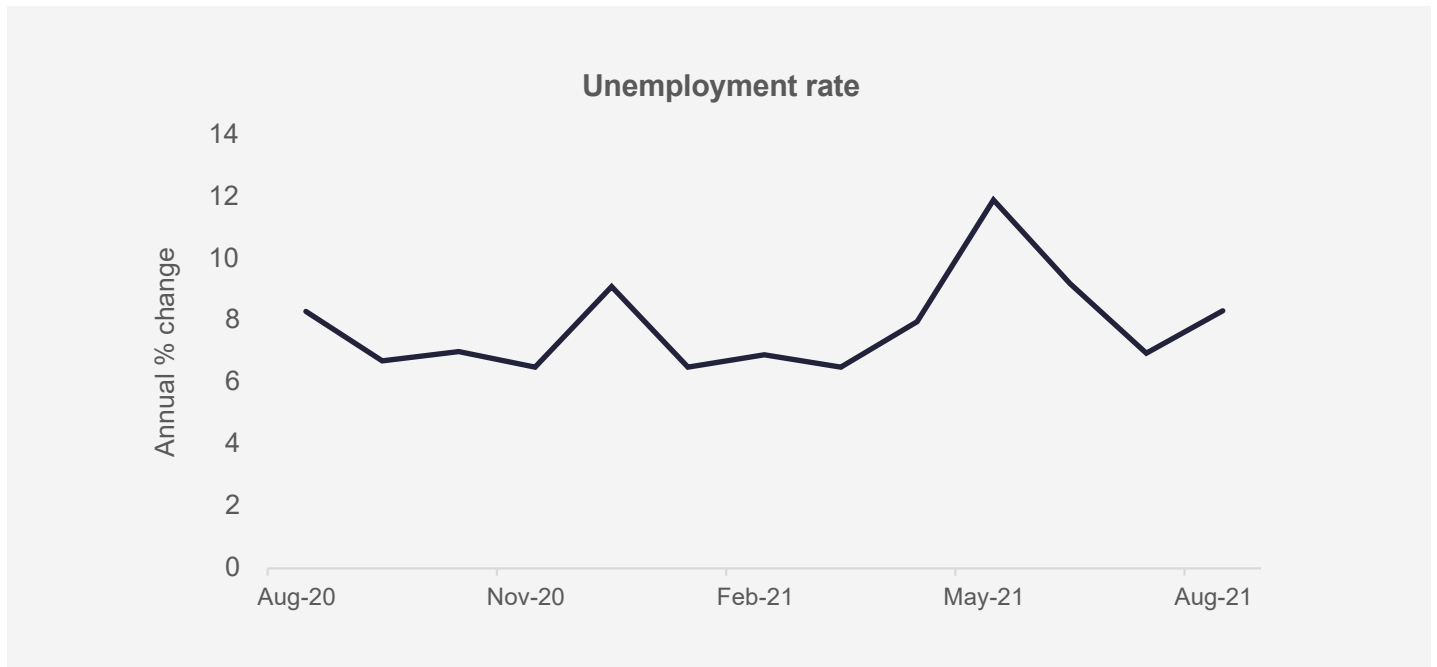
Source: Ministry of Statistics and Programme Implementation, Housing Research

Note: Data for April 2021 is not available

- Industrial production registered a growth of 11.5 percent YoY in July 2021 compared to contraction of 10.5 percent in same period of the previous year.
- All sectors such as mining, manufacturing and electricity recorded double-digit growth in July 2021 compared to year ago period.
- The general IIP pegged at 131.4 in July 2021 is almost at par with the July 2019 levels where the index was 131.8, indicating a stronger rebound compared to the first wave of the pandemic last year.



# Unemployment rate at three-month high



Source: Centre for Monitoring Indian Economy, Housing Research

- The unemployment rate in India saw a spike in August 2021 and reached 8.32 percent compared to 6.95 the previous month.
- The unemployment in urban areas grew at 9.78 percent in August 2021 compared to 8.3 percent in July 2021.
- The rural areas too recorded an increase of 7.64 percent in the unemployment rate compared to 6.3 percent growth in the previous month.
- Though the economic activities have opened up across India, the job market is still striving to revive from the set back of the second wave of the pandemic.



# KEY UPDATE

## DOMESTIC

### India ranks 46th on Global Innovation Index 2021

- India climbed two spots and was ranked 46th by the World Intellectual Property Organization in the Global Innovation Index 2021 rankings.
- The improvement in GII rank comes on the back of knowledge capital, vibrant start-up ecosystem and research initiatives taken up by various public and private organisations in India.

Source: NITI Aayog (20/9/2021), Housing Research

### 70% of India's GDP to come from cities by 2030

- As India continues to undergo rapid urbanisation, Shri Hardeep Singh Puri, Minister of Housing and Urban affairs, said that 70 percent of the national GDP is expected to come from Indian cities by 2030.
- In the purview of increasing urbanisation, there has been an eight-fold increase in the public expenditure on urban development over the last six years. The spending was INR 11.83 lakh crore between 2015–2021 compared to INR 1.57 lakh crore from 2004 to 2014.

Source: Ministry of Housing and Urban Affairs (13/09/2021), Housing Research

### India vaccine coverage crosses 88 crore landmark

- India's cumulative vaccine coverage (including first and second doses) have crossed the landmark of 88 crore.
- Post the set back of the second wave of the pandemic, India's recovery rate currently stands at 97.85 percent, which is at its highest since March 2020.

Source: Ministry of Health and Family Welfare (30/09/2021), Housing Research

### Karnataka slashes stamp duty for property below INR 45 lakh

- Karnataka Assembly has passed an amendment to slash stamp duty to 3 percent from 5 percent on residential properties priced between INR 35–45 lakh.
- The decision is linked to boosting consumer sentiments post the second wave of the pandemic. The stamp duty cuts can only be availed for primary sales.

Source: Industry sources (21/09/2021), Housing Research

### SBI offers home loan at 6.7%

- State Bank of India (SBI), one of the largest lenders in India, has offered credit score-linked loans at 6.7 percent interest rate irrespective of the loan amount.
- With an eye on the festive demand, several banks such as HDFC, Kotak Mahindra, Punjab National Bank, including SBI, have announced reduced loan rates to the tune of 6.5–7.0 percent.

Source: State Bank of India, Industry sources, Housing Research

### New Drone Policy 2021 amendment – government repeals regulations passed in March

- Drones have garnered attention in various sectors as valuable tool amid the pandemic. While the rules announced in March 2021 were heavy on compliances, the new amendment has reduced the redundancies.
- The important feature of the recently announced amendment includes reduced approvals and extension for policy for drones weighing up to 500 kilograms.

Source: Ministry of Civil Aviation (14/07/2021), Housing Research

### Asian Development Bank trims India's GDP forecast

- The Asian Development Bank cut India's gross domestic product (GDP) growth forecast to 10 percent for FY 2021 compared to 11 percent estimated in April 2021.
- The paring of GDP comes on the back of disruption caused due to the second wave of pandemic in India.
- The projections for FY 2022 have been revised upwardly to 7.5 percent compared to 7 percent in April this year.

Source: Asian Development Bank (22/09/2021), Housing Research



# INTERNATIONAL

## Southeast Asian economies to recover 'much slower' – Asian Development Bank

- The Asian Development Bank has lowered its growth forecast for the Southeast Asian region to 3.1 percent for 2021 compared to the previous forecast of 4.4 percent amid the recurring pandemic waves.
- The agency has downsized the forecast for all Southeast Asian countries, except Singapore and the Philippines.

Source: Asian Development Bank (22/09/2021), Housing Research

## World Bank to discontinue Doing Business Report

- The World Bank has decided to discontinue its Doing Business Report post the data irregularities observed in reports published in 2018 and 2020.
- The report aimed to measure the costs to firms of business regulations in 190 countries.
- In the latest report published, India was ranked 63rd compared to 77th in 2018 and 100th in 2017.

Source: World Bank (16/08/2021), Housing Research

## ADB approves USD 250 million loan for Bangladesh economic recovery

- The Asian Development Bank has approved USD 250 million policy-based loan to support Bangladesh's economic recovery to counter the COVID-19 pandemic induced slowdown.
- The loan is part of Sustainable Economic Recovery Program which is to facilitate employment generation, and expand economic activities for micro-entrepreneurs and small businesses.

Source: Asian Development Bank (24/09/2021), Housing Research

## Katmandu Declaration – Nepal partners with World Bank for green, resilient and inclusive development

- The government of Nepal and development partners have joined forces to develop a strategic action plan for Nepal towards Green, Resilient, and Inclusive Development (GRID).
- Under the declaration, up to USD 4.2 billion has been identified for the potential future support, in addition to the USD 3.2 billion in previously committed resources.

Source: World Bank (24/09/2021), Housing Research



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State of Indian Healthcare  
2021



Real Insight  
(Residential) Q1 2021



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Concerned, Yet Positive:  
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