



**Capital**  
—SPROUT—

# NEWSLETTER

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# The Chairman's Message



Dear Readers,

Greetings from Capital Sprout!

It gives me immense pleasure to present to you the August issue of Capital Sprout's Wealth Bulletin. We have celebrated 75 years of our Independence this month. I take this opportunity to convey my warm greetings to everyone on this historic occasion.

This article discusses development of the Indian economy over the past decade. A comparative analysis has been made of the GDP Growth in India and other Countries. An attempt has been made to study the trends in Pre & Post Pandemic scenario.

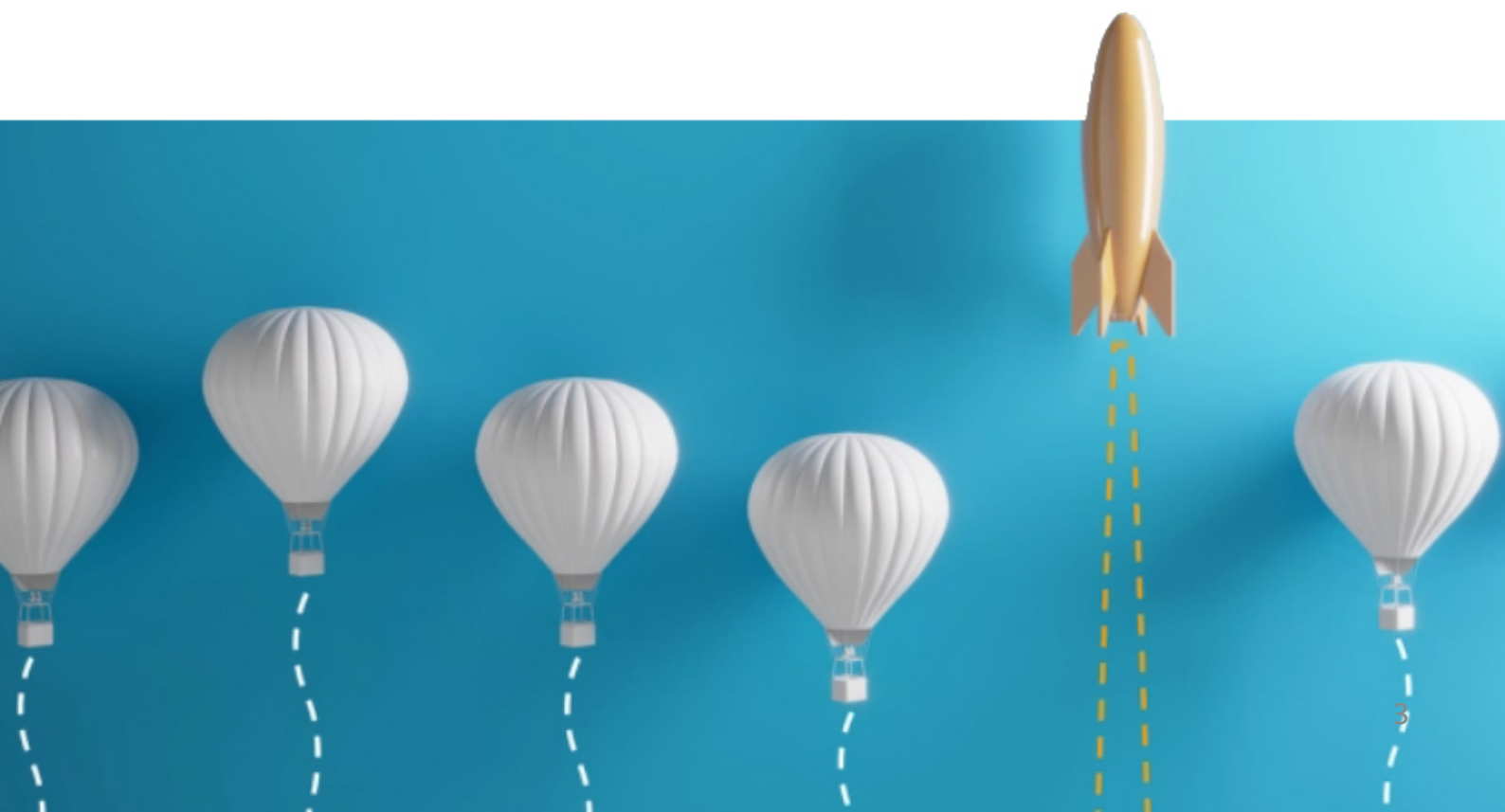
It may be coincidental, but it is nonetheless of profound satisfaction for every Indian that India has surpassed Britain to emerge as the world's fifth largest economy in the 75th year of its independence from British colonial rule. This achievement also comes at a time when giant economies are struggling to shore up its plummeting economy and firefighting soaring inflation which has pushed up the cost of living to levels never imagined by the UK, Europe and the West.

The Indian economy is holding steady and progressing in an ocean of turbulence and uncertainty with strong and resilient fundamentals, repeated waves of infection and Russia-Ukraine war crises aggravated the preexisting challenges such as surging inflation, supply shortages, and shifting geopolitical realities across the world with no definite end in sight.

*CA DR Rajesh Khandol*

# India Becomes 5th Largest Economy in the world, Beats UK

Post-COVID-19, the Indian economy has shifted its gears. India's GDP makes the world's Fifth largest economy, behind the US and China. India's Economy is now the 5th Largest Economy in the world in terms of nominal GDP clocking in at 13.5 per cent in the first quarter of FY 2023. Since May, India's economy has picked the momentum driven by pent-up demand for services and increased output from industries as pandemic restrictions eased and allowed consumer spending to resume. The expansion in services activity and substantial development in essential infrastructure industries propelled the recovery. India is a spending economy. Maintaining a growth rate in an environment when developed and massive economies like the USA and China are faltering is not an easy task for India. India has bypassed all headwinds and unfavorable factors like the World war situation, post Covid repercussions, rising inflation, widening trade deficit.



Many Economical & financial analysts around the world have forecasted that in coming years, India will be the fastest growing economy in the world. As they say, sometimes your greatest weakness turns into your greatest strength. India's population has long been viewed as its largest economic growth obstacle. This population, however, is also a driving force. Because of the large population, spending becomes a crucial factor that directly affects GDP, and when the purchasing power of this large population increases; it greatly boosts country's GDP. If the consumer spending increases demand for products & services increases, a competitive market is created, and trade & commerce increase, as a result Bank & Financial Institutions extends more credit, and this money returns back into the economy. A healthy economy must have constant money flow, just as a human body needs regular blood circulation to function properly. The ongoing movement of money in an economy is a healthy sign.

Gross Domestic Product (GDP) is the best parameters to assess the overall economy of any country. India's current GDP at the end of the **1<sup>st</sup> Quarter June 22** is **Rs. 3,380.71 Billion \$** (at Nominal Value) & which comes to approximately **Rs. 2,671.44 Lakh crore.,**



# GDP =

Household  
spending

+

Investment

+

Government  
spending

+

Net exports\*

**Gross Domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. GDP provides an economic snapshot of a country, used to estimate the size of an economy and growth rate.

A detailed examination of India's GDP during the last decade, as well as comparisons with other developed countries, provides a clear indication of where India is heading. The time is not far off when India will be included in the list of developed countries if it maintains this rate of growth for another ten years. The five trillion dollar economy envisioned by our prime minister will be achieved soon.

Based on 10 years of historical GDP data, it is quite evident that India has already begun the transition from developing economy to Developed economy.

If we look at the past 10 year trends for the GDP growth rate in India, we can gauge that India's GDP growth rate has been a factor of both country's internal decisions as well as extrinsic global factors. India's GDP growth rate in 2012 stood at 0.25% which kept growing until 2017. The decreasing trend continued till the GDP reached negative as for India's GDP growth rate 2020 is concerned, the obvious reasons were unmanageable fiscal deficit, economic disparity, government and political turbulence and of course the unprecedented COVID 19 pandemic of 2020.

However, the post-pandemic scenario has been a positive end to the light for the country in the year 2021, where the India GDP growth rate 2021, took a complete u-turn with a rise of 18.95% where many sectors, specifically healthcare has been a major contributing factor.

## 10 Years India's GDP data

YEAR	GDP (IN BILLION \$)	GDP (IN Rs. Lakh Crore)	GROWTH
2022	3,380.71	2,671.44	6.53 %
2021	3,173.40	2,364.18	18.95 %
2020	2,667.69	1,947.41	-5.79 %
2019	2,831.55	2,018.61	4.76 %
2018	2,702.93	1,881.24	1.94 %
2017	2,651.47	1,692.70	15.54 %
2016	2,294.80	1,559.78	9.09 %
2015	2,103.59	1,392.58	3.16 %
2014	2,039.13	1,288.53	9.82 %
2013	1,856.72	1,148.57	1.59 %
2012	1,827.64	1,002.46	0.25 %
2011	1,823.05	967.31	8.80 %
2010	1,675.62	749.00	

*Note : US \$ to INR Conversion rate is considered as on 31<sup>st</sup> December of respective year.*

*(Source : World Bank data, The ministry of Statistics, GOI, Investopedia)*



## GDP data of Developed Nations

Some of the world's largest economies' GDP statistics of the last 4 years reveals that India is still a long way behind the United States and China, but India has all the potential to get there with consistent, sustainable growth.

COUNTRY	GDP (IN BILLION \$)			
	2021	2020	2019	2018
USA	22,996	20,894	21,372	20,527
CHINA	17,734	14,688	14,280	13,894
JAPAN	4,937	5,040	5,123	5,037
GERMANY	4,223	3,846	3,388	3,977
INDIA	3,173	2,668	2,831	2,703
UNITED KINGDOM	3,187	2,757	2,879	2,900

(Source : World Bank data, Investopedia )



## GDP GROWTH RATE POST COVID



Both the Indian as well as global economies are recovering from the COVID shock. Their pace of recovery is getting affected by not only the extent of the impact of COVID but also their capacities to deal with the challenges emanating from the economic fallout of the geopolitical conflict. Given the pressure on global crude prices and supply side bottlenecks all major countries are experiencing unprecedented domestic inflationary pressures coupled with erosion of growth.

According to the table below, among other countries, India's development engine has been least impacted by unfavorable events, including the Russia-Ukraine War, China-Taiwan War, fluctuating interest rates, rising inflation, and demand-supply chain disruptions. In terms of GDP growth, India is emerging as the clear winner.

COUNTRY	2022 *	2021	2020
USA	3.71%	5.70%	-3.40%
CHINA	4.37%	8.08%	2.24%
JAPAN	2.39%	1.62%	-4.50%
INDIA	6.60%	8.95%	-6.60%
UK	3.75%	7.44%	-9.30%

\*estimated based on 1<sup>st</sup> quarter data  
(Source : World Bank data, The ministry of Statistics, GOI, Investopedia)

Apart from GDP, other corroborative figures are also in support of fastest growing economy.

GROSS CREDIT OF BANKS	123.69 LAKH CRORE	AS ON LAST FRIDAY OF AUG 2022
FOREX RESERVE	564.05 Billion US \$	5 <sup>TH</sup> AUG 2022
EXPORT OF PRODUCT & SERVICES	36.27 Billion US \$	FOR THE MONTH OF JULY-2022
GST COLLECTION	1.50 LAKH CRORE	FOR THE MONTH OF JULY-2022
MARKET CAPITALISATION OF ALL COMPANIES LISTED IN BSE	278.54 LAKH CRORE	AS ON 30 <sup>TH</sup> JUNE-2022





# Performances



## Equity Market

Indices	01 <sup>st</sup> August 2022	30 <sup>th</sup> August,2022	High	Low
BSE S&P SENSEX	58,115	59,537	60,298	57,972
NIFTY 50	17,340	17,759	17,956	17,313

## Mutual Fund

### AUM Data of Mutual Fund for the Month of August - 2022

(INR. In Lakh Crore)

Particulars	AUM As On 31-07-2022	Fresh Fund Mobilize During Aug-22	Redemption During Aug-22	AUM As On 31-08-2022
Total AUM of all mutual funds scheme	38.70	8.95	8.31	39.34
AUM of equity oriented (growth) schemes	14.72	0.28	0.22	14.78

Source: Association of Mutual Fund of India (AMFI)

# Performances

## SIP Contribution

(INR. In Crore)

Year	SIP Contribution	SIP AUM
AUG-22	12,693	6,39,987
Weightage of SIP AUM in total AUM		16.24%

## FII & DII Inflow/Outflow Position

The FII's seems to have reversed their stance. This assumes significance as this is the first instance of foreign portfolio investors (FPIs) buying Indian stocks in a significant quantum since in nearly a year, FII's buying is more than FII's selling in the month of August 22. FII's Net outflow in Cash segment Mar-22 to Aug-22 is Rs. 1.81 Lakh crore. DII's Net inflow in Cash segment Mar-22 to Aug-22 is Rs. 1.70 Lakh crore which shows the positive impact in Mutual fund industry.

### Inflow/Outflow position in the month of Aug - 2022

(INR. In Crore)

For The Month Of August	Gross Purchase	Gross Sale	Net
FII	1.93Lakh	1.71 Lakh	+0.22Lakh
DII	1.17Lakh	1.24 Lakh	- 0.07Lakh

