



# NEWSLETTER

OCTOBER 2022





Dear Readers,

Greetings from Capital Sprout!

It gives me great pleasure to share the October 2022 issue of the Capital Sprout's Wealth Bulletin made to help you understand Markets, Performance of different Asset Classes and Industry Trends.

The manufacturing sector plays an important role in both the developing and the advanced world. In the former, it continues to provide a pathway from subsistence agriculture to rising incomes and living standards. In the latter, it remains a vital source of innovation and competitiveness, making outsized contributions to research and development, exports, and productivity growth. This article offers a closer look on manufacturing growth in India using data spanning between 2010 and 2022. The manufacturing sector in India is one of the largest in the world. A comparative analysis has been made of the Contribution of manufacturing sector in GDP of India and other Countries. An effort has been made to examine the contribution of manufacturing sector to GDP over the past five years in the top five economies.

Hope that readers will find this article to be lucid and can have an insightful analysis of the country's economic trajectory.

*CA DR Rajesh Khandol*



## Global Scenario

The world, including India, will experience an overall slowdown in the next year owing to the impact of the Russia-Ukraine war, tightening monetary conditions globally, the highest inflation in decades, and lingering effects of the Pandemic, according to the International Monetary Fund (IMF).



The world as a whole, growth will slow down from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. This is reflective of a U.S. GDP contraction in the first half of 2022, a Euro area contraction in the second half, Extended Covid-19 outbreaks in the China and associated lockdown and property sector crises.

The U.S. is expected to grow at 1.6% this year followed by a slowing down to 1% growth next year. The Euro Area at 3.1% this year and 0.5% next, while China is forecast to grow at 4.4% next year, followed by a projected 3.2% this year.

## Indian Scenario

“India has been doing fairly well in 2022 and is expected to continue growing fairly robustly in 2023” the IMF’s chief economist, Pierre-Olivier Gourinchas said at a press briefing in Washington in the the month of October-22.

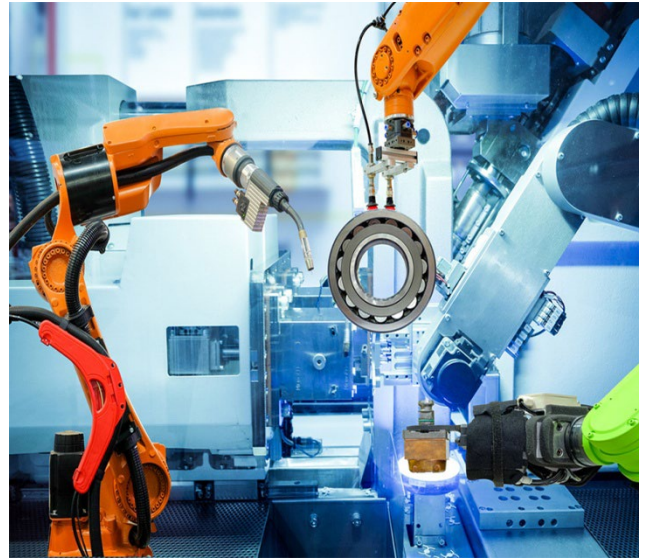
India is projected to grow at 6.8% in the current fiscal year, followed by 8.7% growth in the fiscal year that ended March 31 as per figures released in the IMF’s October 22 World Economic Outlook.



## Importance of Manufacturing Sector And Current Scenario of India

Manufacturing sector is one such sector that has the potential to revive the nation's economy. It has the potential to transform the developing country into a developed one. A globally competitive manufacturing sector is India's greatest potential to drive economic growth and job creation this decade.

With digital transformation being a crucial component in achieving an advantage in this fiercely competitive industry, technology has today sparked creativity. Manufacturing sector in India is gradually shifting to a more automated and process driven manufacturing which is expected to increase the efficiency and boost production of manufacturing industry.



**MAKE IN INDIA**

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr. Narendra Modi, launched the 'Make in India' programme to place India on the world map as a manufacturing hub and give global recognition to the Indian economy.



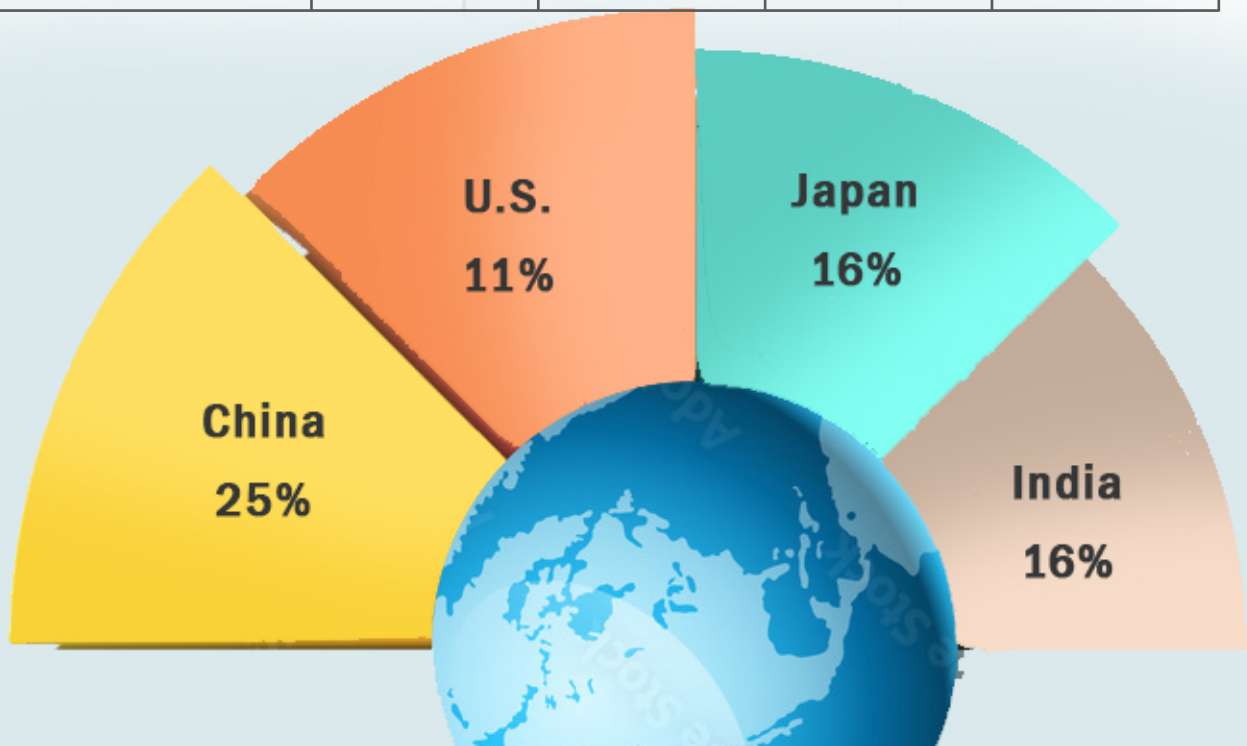


## Global Comparison of Contribution of Manufacturing Sector In Country's GDP

Statistics from a variety of sources indicate that the manufacturing sector is experiencing a standstill among all the giant manufacturing economies. The trend is steadily deteriorating even if the Covid period is eliminated.

Below table shows the trend:

Country	Reference Period	Mfg. GDP USD Billion	Total GDP USD Billion	% of GDP
China	Sep-22	4,390.39	17,734.06	25%
United States	Jun-22	2,436.48	22,996.10	11%
Japan	Dec-20	807.10	4,937.42	16%
Germany	Jun-22	196.75	4,223.12	5%
India	Jun-22	550.00	3,380.71	16%
UK	Jun-22	302.30	3,186.86	9%
France	Sep-22	60.53	2,937.47	2%
Russia	Jun-22	47.90	1,775.80	3%
Australia	Jun-22	20.66	1,542.66	1%



# Historical Data of Contribution of Manufacturing GDP, Global Vs India

The world's manufacturing and GDP statistics clearly show that China's dominance in the manufacturing sector is fading. The manufacturing sector in the United States is also experiencing a pause. Other developed countries are in a declining stage. The emerging player in manufacturing sector is India. The table below depicts the five-year trend of the Manufacturing sector's contribution to the GDP of the world's top economies.

## 5 Years Trend Of Contribution Of Manufacturing GDP Of Top 5 Economy

GDP : IN USD BILLION

COUNTRY		2022	2021	2020	2019	2018
CHINA	MFG GDP	4,390	4,866	3,861	3,823	3,868
	% OF GDP	24.8%	27.4%	26.3%	26.8%	27.8%
INDIA	MFG GDP	550	447	365	382	402
	% OF GDP	16.3%	14.1%	13.7%	13.5%	14.9%
UNITED STATES	MFG GDP	2,436	2,338	2,366	2,328	2,192
	% OF GDP	10.6%	11.2%	11.1%	11.3%	11.3%
JAPAN	MFG GDP	807	995	1,028	1,039	1,008
	% OF GDP	16.3%	19.8%	20.1%	20.6%	20.4%
UNITED KINGDOM	MFG GDP	302	279	240	256	257
	% OF GDP	9.5%	8.8%	8.7%	8.9%	8.9%



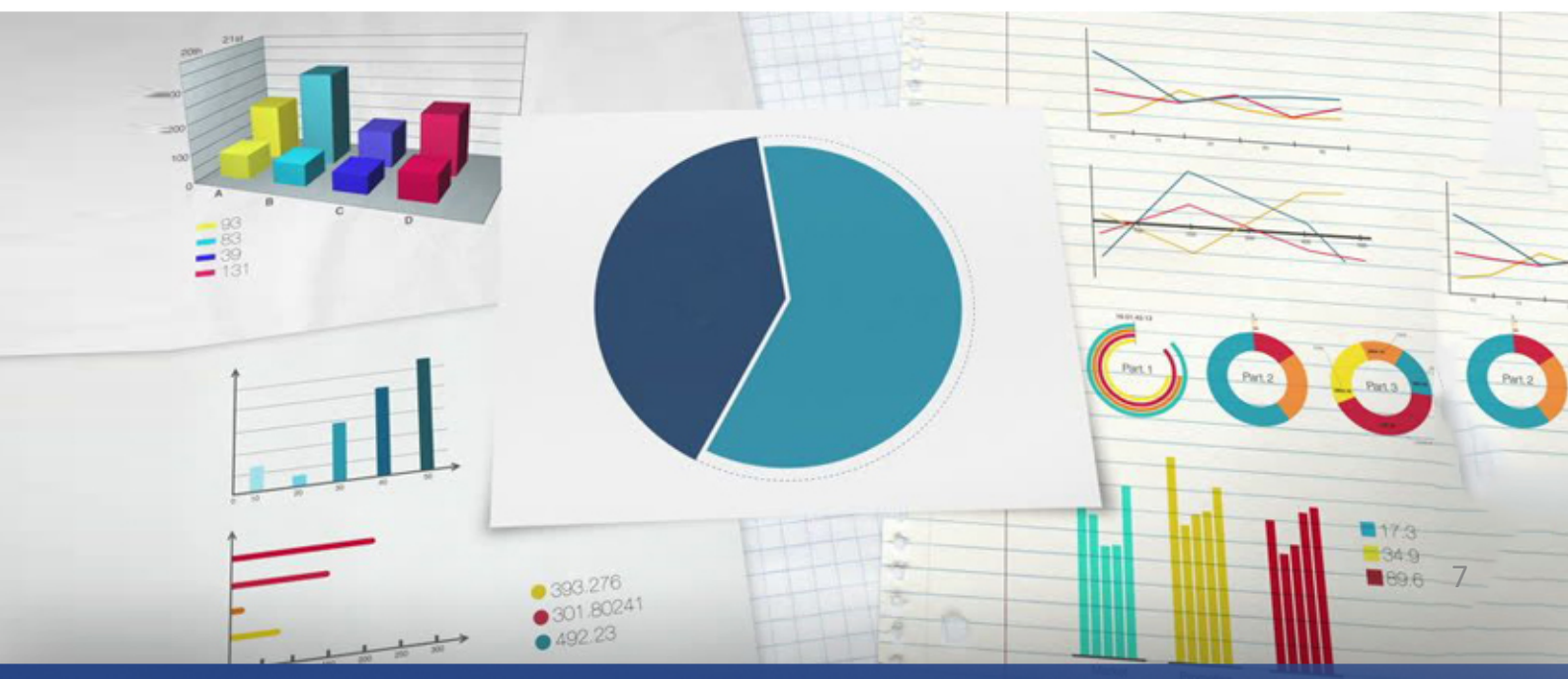
## Historical Data of Manufacturing GDP of India

Since the last 5-6 years, the manufacturing sector has emerged as the leading contributor to India's GDP. The table below clearly shows the increased share of the manufacturing sector in the country's total GDP. Some countries are observing a decreasing trend in Manufacturing GDP in absolute terms, while some are witnessing decline in manufacturing's share of country's total GDP

### India's Manufacturing GDP Data

Year	Mfg. GDP US Billion	Share of Mfg. in Total GDP
2022	\$550.00B	16.27%
2021	\$446.50B	14.07%
2020	\$365.03B	13.68%
2019	\$381.51B	13.47%

India's Manufacturing GDP is steadily increasing, as shown in the table above. The Manufacturing sector's contribution to the country's total GDP might be constant but this is mainly due to the overall increment in total GDP.





## FDI Inflow In Manufacturing Sector

In last 5 years, India has emerged as most attractive & preferred hub for foreign investors in the manufacturing sector. Several mobile phone, luxury and automobile brands, engineering goods, among others, have set up or are looking to establish their manufacturing base in India. The table below shows ever increasing FDI inflows in last decade.

Year	Total FDI Inflow USD Billion *	FDI in Mfg. USD Billion
2021-22	83.57	21.34
2020-21	81.97	12.09
2019-20	74.39	8.15
2018-19	62.00	7.91
2017-18	60.98	7.06

\*Including FII, FPI & investment in debt instrument by FII





# Performances



## Equity Market

Indices	01 <sup>st</sup> Oct, 2022	31 <sup>th</sup> Oct,2022	High	Low
BSE S&P SENSEX	57,403	60,746	60,786	56,683
NIFTY 50	17,102	18012	18,022	16,887

## Mutual Fund

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

(INR. In Lakh Crore)

Particulars	AUM As On 30-09-2022	Fresh Fund Mobilize During Oct-22	Redemption During Oct-22	AUM As On 31-10-2022
Total AUM of all mutual funds scheme	39.12	7..81	7.67	39.26
AUM of equity oriented (growth) schemes	14.76	0.26	0.16	14.86

Source: Association of Mutual Fund of India (AMFI)

# Performances

## SIP Contribution

(INR. In Crore)

Year	SIP Contribution	SIP AUM
Oct-22	12,976	6,35,286

## FII & DII Inflow/Outflow Position

FII's selling has again started in the month of Oct 22., FII'S Net outflow in Cash segment **Apr-22 to Oct-22** is approx **Rs. 1.56 Lakh crore**. DII's Net Inflow in Cash segment during **Apr-22 to Oct-22** is approx **Rs. 1.54 Lakh crore** which shows the positive impact in Mutual fund industry.

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

(INR. In Crore)

For The Month Of August	Gross Purchase	Gross Sale	Net
FII	1.78 Lakh	1.78 Lakh	- 0.00 Lakh
DII	1.01 Lakh	0.92 Lakh	+0.09 Lakh