

ECONOMY GROWS BY 8.2%



GLOBAL UPDATE

INDIA TO REMAIN THE FASTEST GROWING ECONOMY: IMF

The International Monetary Fund (IMF), in its latest study has maintained that India will remain one of the fastest growing economies in the world in short term. As per the international lending agency, the Indian economy is expected to grow at 7.3% in FY 19 and at 7.5% the following fiscal. This is especially encouraging after the economy grew by 6.7% in FY 18. Among other things, the Washington-based lending institution, in its study, stated that the country needs to take steps to control inflation and increase the number of women in its workforce. Further, the international lending agency praised the government's efforts to tackle debt of public sector banks and for relaxing rules related to FDI. It however, maintained there is still a long way to go. As regards bringing more women in the workforce, the IMF stressed on the importance of relaxing labour laws and other related laws which would help more women to enter the formal workforce. Most importantly on inflation, the international lending agency maintained that it is high in the present day because of high oil prices and falling rupee. It also forecasted that inflation will rise to 5.2% this fiscal and stressed on the need for further tightening of monetary policy.

DELHI METRO: NOT THAT AFFORDABLE

The Delhi Metro changed the way people used to travel in Delhi. Over the years, the Delhi Metro has expanded to different parts of the Delhi National Capital Region. It still is a very convenient option to move around the city but it is not as affordable as it used to be. As per a study, the Delhi Metro is the second most unaffordable after metro services in Hanoi. As per a study, the average commuter in Delhi, using metro services spends 14% of his income on metro travel. This is second only to Hanoi where people using the metro spend 25% of their income on metro travel. The study also pointed out that 30% of the metro riders in Delhi spent as much as 19.5% of their income on metro travel. Next in line after Delhi are metro services in Manila, Mumbai, Jakarta, Mexico City, Cairo, Kiev and Buenos Aires.

FEATHER IN THE CAP FOR TURKEY

The growth rate of the Turkish economy in the second quarter of 2018 was the highest among member countries of the Organisation for Economic Co-operation and Development (OECD) and second in Europe. The Turkish economy grew by 5.2% between April–June 2018. Next in line were Poland and Chile (5%), Hungary (4.6%) and Latvia

(4.4%). It must be noted that the average growth rate between April–June 2018 was 2.5% compared to the same period last year. The countries which recorded the lowest growth rates were Denmark, Japan and Italy, where growth rates were in the region of 0.6%–1.2%.

WORLD BANK LENDS A HELPING HAND

Shimla, the capital of the hill state of Himachal Pradesh, is also the biggest hill station in the country. It is more commonly known as the queen of hills. Further, it is one of the most visited hill stations, in India. While all this is good, the other side of the coin is that the town has undergone massive development in modern times, and in some cases unplanned development. As a result, the pressure on natural resources, especially water, during the summer months only gets worse and this year was one of those years when Shimla made it to headlines for all the wrong reasons. The city faced its worst water crisis and life almost came to a grinding halt at that time of year, when it is buzzing with activity. The Shimla Summer Festival, 2018 was cancelled and the state government also closed schools for an entire week. Things have come back to normal in the present day; however, to ensure that the city does not face such issues in the future help has come from The World Bank. The international lending agency has given a nod to a financial aid package of ₹929.89 crore for a water supply and sewerage project for Shimla.

INDIA UPDATE

ECONOMY CLOCKS 8.2% IN Q1 OF 2018–19

The news is out and it is a good one at that. As per data released by the government, the Indian economy grew at 8.2%, in the first quarter of 2018–19. The healthy growth rate of the Indian economy further cemented the fact that the fundamentals of the economy were sound. It must be remembered that the fact that the Indian economy grew by 7.7%, in the last quarter of 2017–18. As per a government statement, “this growth is broad-based and has been driven by 8.4% growth in consumption expenditure and 10% growth in the fixed investment.” Further, a look at the Gross Value Added (GVA) across sectors in the first quarter of 2018–19 reveals that the agriculture sector was up 5.3% compared to 4.5% growth in the previous quarter. GVA in the manufacturing sector was 13.5% in Q1 2018–19 compared to a negative growth rate during the same period last year. The GVA in the construction sector was 8.7% compared to 1.8% growth during the same period last year. The good show of the Indian economy cemented its position as the fastest growing economy in the world. It must be remembered that by clocking a growth rate of 8.2% in Q1 2018–19, the Indian economy also outclassed the Chinese economy, which grew by 6.7% in the same quarter.

ITR FILINGS SURGE BY 71%

The number of individuals filing income tax returns (ITRs) has witnessed a dramatic increase this year (till 31 August 2018) compared to the same period last year. The total number of ITRs e-filed up to 31 August 2018 was 5.42 crore as against 3.17 crore up to 31 August 2017, thereby registering an increase of 70.86%. It must however be noted that almost 34.95 lakh returns were uploaded on 31 August 2018 itself, which was the last date of the extended deadline of filing of ITRs. The increase in ITRs is seen in 2 categories—ITRs filed by salaried Individuals (ITR-1&2) as also those availing the benefit of the Presumptive Taxation Scheme (ITR-4). The total number of e-returns of salaried Individual taxpayers filed till 31 August 2018 increased to 3.37 crore from 2.19 crore returns filed during the corresponding period of 2017, registering a growth of almost 54%.

DIRECT TAX COLLECTIONS UP BY 6.6%

While ITR filings have witnessed a massive upsurge this year, compared to last year, there is not much to cheer about direct tax collections and corporation tax. As per figures released by the Comptroller and Auditor General of India, Direct Tax collections went up by 6.6% between April–July 2018, compared to the same period last year. The growth rate registered this year has been the lowest in the past 3

years. If growth rate of Direct Tax collections was poor, collections in Corporation Tax were dismal. Between April–July this year Corporation Tax collection grew by 0.57%, which is the lowest growth rate registered in the past 7 years.

GST COLLECTIONS DIP marginally IN AUGUST

The total gross GST revenue collected in August 2018 is ₹93,960 crore. The total number of GSTR 3B Returns filed for the month of July up to 31 August 2018 is 67 lakh. This is marginally higher than 66 lakh returns of the month of June filed up to 31 July 2018. The last date of filing returns of July 2018 in the state of Kerala was extended up to 5 October 2018. The total revenue earned by the Central Government and the state governments after settlement, including provisional settlement of ₹12,000 crore in the month of August 2018, is ₹36,963 crore for CGST and ₹41,136 crore for SGST. For the bi-monthly period June–July 2018, compensation of ₹14,930 crore has been released to the states. The revenues collected in August 2018 of ₹93,960 crore is slightly lower than the July 2018 collection of ₹96,483 crore, and June 2018 collection of ₹95,610 crore. One of the main factors for the dip in tax revenues is probable postponement of sale of items for which tax rate was reduced by the Council (as the decision to reduce the tax rate was taken in the meeting held on 21 July, while the notification of the reduced rate came into effect only from 27 July 2018).

PERFORMANCE OF MAJOR PORTS

The major ports in the country have recorded a growth of 5% between April–August this year, compared to the same period last year. Further, between April–August 2018, 9 ports—Kolkata (incl. Haldia), Paradip, Visakhapatnam, Kamarajar, Chennai, Cochin, New Mangalore, JNPT and Deendayal have registered positive growth in traffic. As regards the cargo handled by major ports, Kamarajar Port (17.24%) topped the table followed by Deendayal Port (11.16%), Paradip (10.93%), Cochin (10.13%) and Kolkata (9.01%). During the period April to August 2018, Deendayal (Kandla) Port handled the highest volume of traffic, i.e. 48.9 million tonnes (16.95% share), followed by Paradip with 44.79 million tonnes (15.53% share), followed by JNPT with 28.99 million tonnes (10.05% share), then Visakhapatnam with 26.94 million tonnes (9.34% share) and Kolkata (incl. Haldia) with 25.44 million tonnes (8.82% share).

ECONOMIC UPDATE

MANUFACTURING PMI EASES A BIT IN JULY

The Nikkei India Purchasing Managers' Index (PMI), which stood at 52.3 in July lost a little bit of steam in August. During August 2018, even though the index remained in the expansion mode, it only clocked 51.7 points. The index

eased in August amid slower gains in output and new orders. A score above 50 points towards economic expansion, while a score below 50 is a sign of economic contraction.

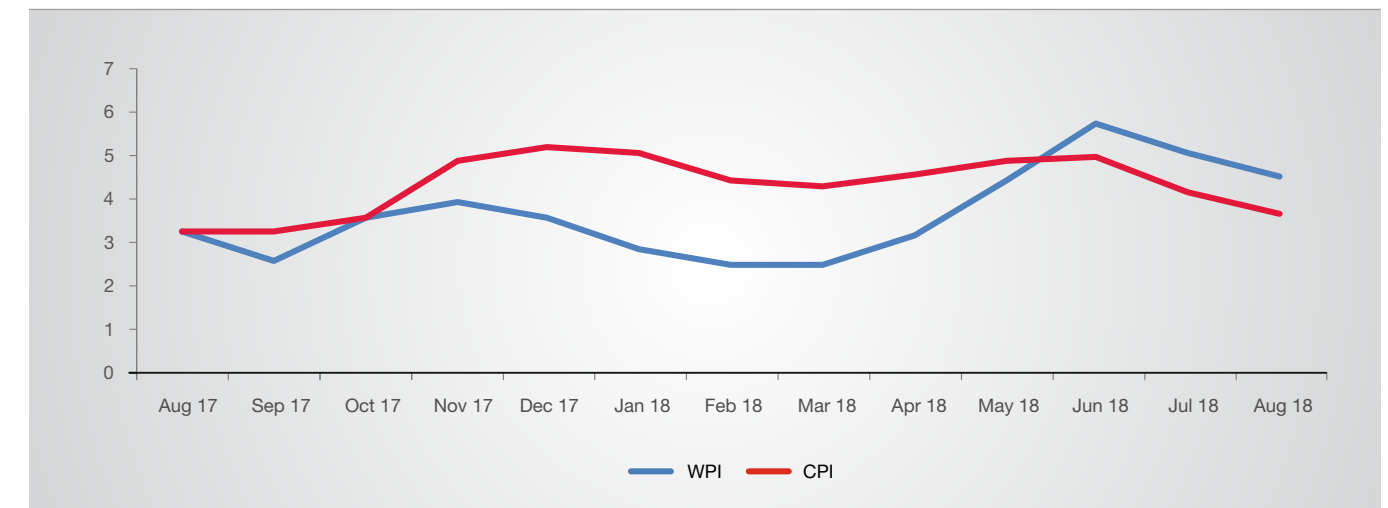
SERVICES PMI LOSES STEAM IN AUGUST

The Nikkei India Services Business Activity index, which stood at a 21-month high in July 2018, lost some steam the following month. The index which stood at 54.2 points in July, clocked 51.5 points in August. The fall in the services business activity in August compared to the previous month was largely due to the weakest growth in new work in

3 months. Even though the index has fallen in August compared to the previous month, it still remains in the expansion mode. As in the case of the manufacturing PMI, even in case of the services PMI, a score above 50 represents expansion, while a score below 50 is an indication of contraction.

CPI AND WPI MODERATE FURTHER

INFLATION



Source: Ministry of Commerce and Industry, Ministry of Statistics and Programme Implementation, Government of India

Retail inflation, which was at 5% in June 2018, moderated to 4.17% in July 2018 and further lost steam in August 2018 to settle at 3.69%. The consumer food price too moderated in August 2018, compared to the previous month. The consumer food price index, which stood at 1.37% in July 2018, plummeted to 0.29% in August 2018. The moderation in retail inflation can also be witnessed in a year-on-year (y-o-y) comparison, especially in food products. For instance, prices of pulses and products went down by 7.76% in August 2018, compared to the same period last year. Further, prices of vegetables went down by 7% in August 2018, compared to the same period last year. The other food category that witnessed a drop in August 2018 compared to the same period last year was sugar and confectionary where

prices were down 5.45%. Other product categories and sub categories witnessed an increase in prices in August 2018 compared to the same period last year. What is heartening about the rate of price growth was that it was mostly in single digits. Regarding major product categories, the rate of price growth in August 2018, compared to August 2017, is as follows—fuel and light (8.47%), housing (7.59%), miscellaneous (5.52%), pan, tobacco and intoxicants (5.34%), clothing and footwear (4.88%) and food and beverages (0.85%).

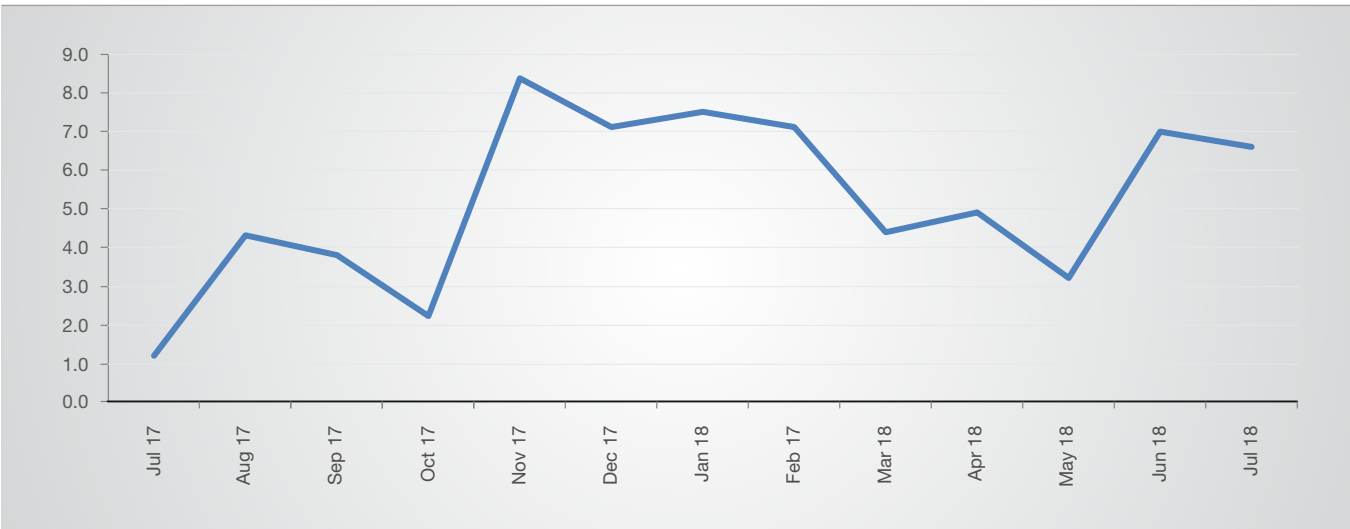
Even the WPI, which was above 5% in June and July, moderated to sub 5% levels in August 2018. In August 2018, WPI stood at 4.53%, compared to 3.24% in August 2017. Even though the rate of price growth is higher, in August

2018 compared to August 2017 many food products witnessed a decrease in prices in August 2018 compared to the same period last year. The drop in prices across different food categories is as follows—food articles (4.04%), pulses (14.26%), vegetables (20.18%) and fruits (16.40%). There

are, however, certain food products where price increase should be a cause of concern, prominent among them are potatoes (71.89%) and oil seeds (10.23%). Prices went up by 17.73% in case of fuel and power and 4.43% in manufactured products.

IIP MODERATES MARGINALLY

IIP (GENERAL INDEX)

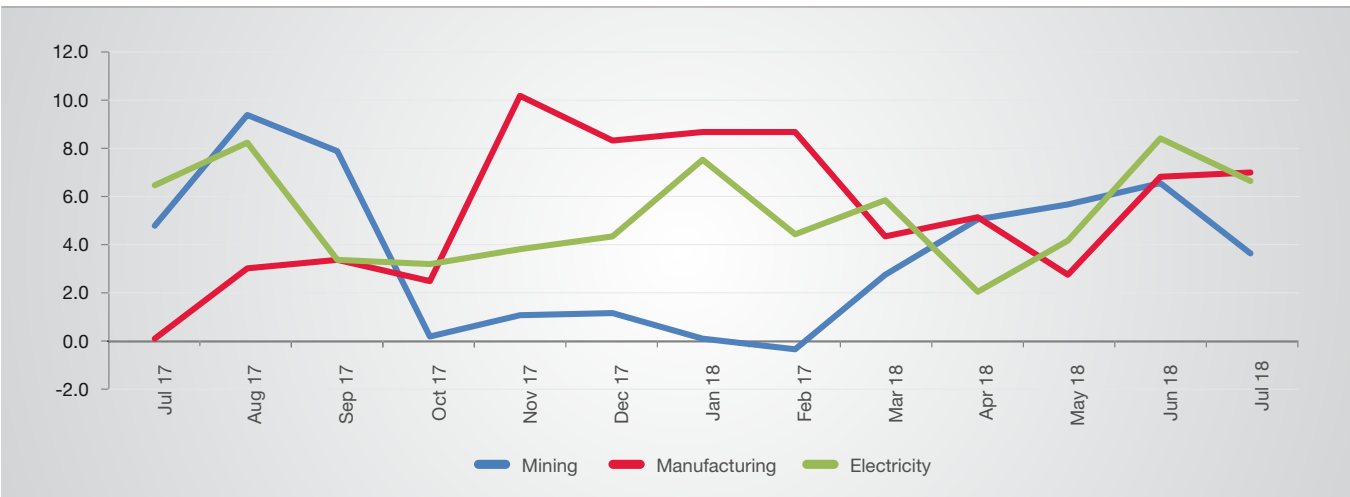


Source: Ministry of Statistics and Programme Implementation, Government of India

The impressive show that the Index of Industrial Production (IIP) recorded in November 2017 moderated slightly in the following months but its growth rate remained above 7%. In March 2018, however, the growth rate of the IIP hit a 5-month low, recording a growth rate of 4.4%. In April 2018, the IIP recovered, albeit marginally, to record a growth rate of 4.9%.

In May, the growth rate of the IIP hit a new low, and post October 2017, to record a growth rate of 3.2%. In June 2018, however, the IIP bounced back to record a growth rate of 7%. In July, even though the growth rate of the IIP remained healthy at 6.6%, it was marginally lower than the previous month.

IIP (SECTOR WISE)



Source: Ministry of Statistics and Programme Implementation, Government of India

Although the growth rate of the IIP was marginally lower in July 2018, compared to the previous month, it is still healthy largely because of the good show of the manufacturing sector. The growth rate recorded by the manufacturing sector in July 2018 was marginally better than the previous month. Even though the growth rate of the electricity sector was

lower compared to the previous month, it was a still healthy at 6.7%. The performance of the mining sector, however, was dismal. Even though the growth rate remained positive, the growth rate was down by more than half in July 2018, compared to June 2018.

CORE SECTOR GROWTH EASES MARGINALLY

INDEX OF EIGHT CORE INDUSTRIES

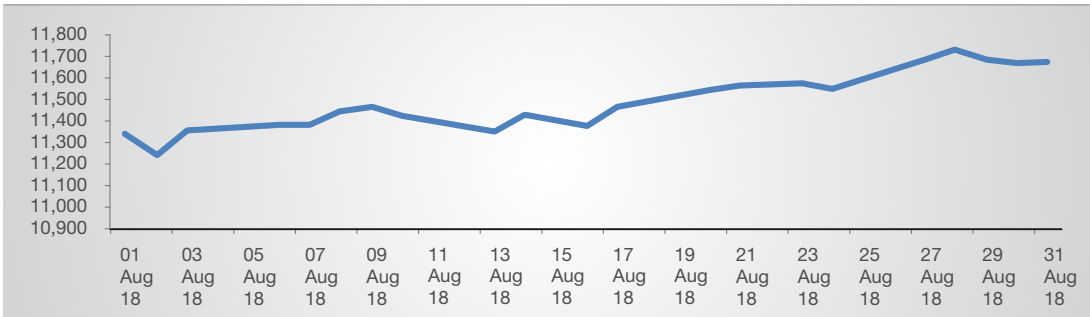


Source: Ministry of Commerce and Industry, Government of India

The core sector has registered its most impressive performance in 2018, till now, in June 2018 when it clocked a growth rate of 7.6%. In July, as well, the growth rate of the core sector remained healthy, but marginally lower than the previous month, at 6.6%. The performance of most of the sectors that make up the core sector either remained at the same level, in some cases was higher, or was marginally lower than the previous month. One of the primary reasons for the growth rate of the core sector losing steam in July

2018, compared to the previous month, is the growth rate of crude oil and natural gas further going in the red. Coming to individual sectors, the growth rate in refinery products, fertilizers and steel was much higher than June 2018. On the other hand, the growth rate of sectors like coal and cement was marginally lower in July, compared to the previous month. Even though the growth rate of the electricity sector remained positive, in July 2018, its growth rate shrunk by almost 50% compared to the previous month.

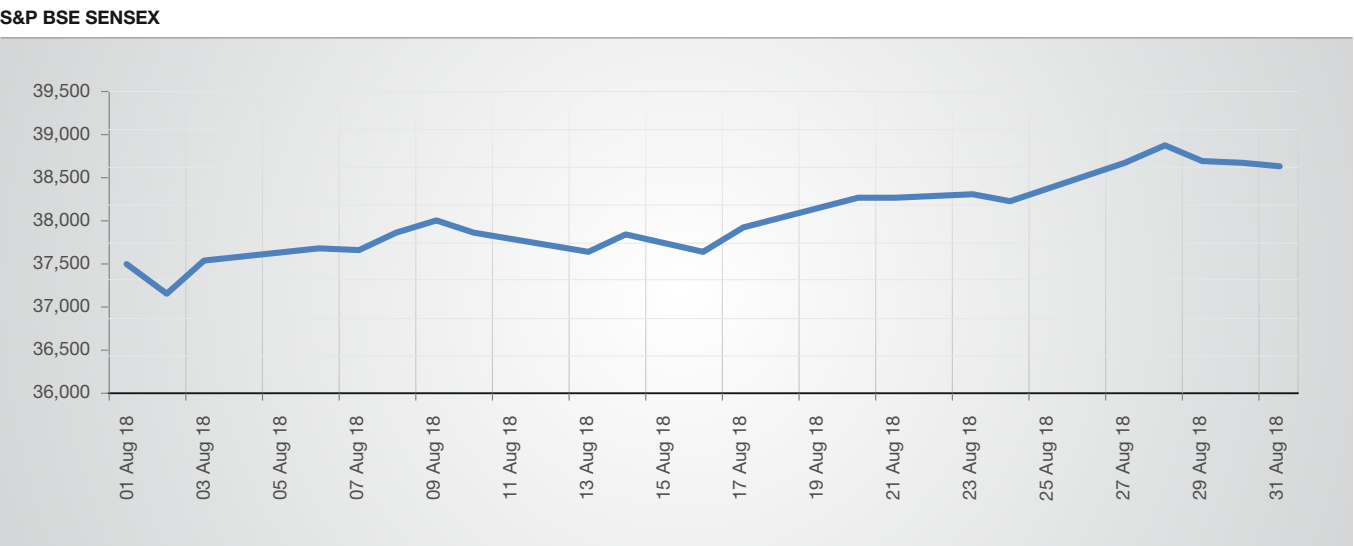
NIFTY 50



Source: National Stock Exchange

The NIFTY 50 gained 3% in August 2018.

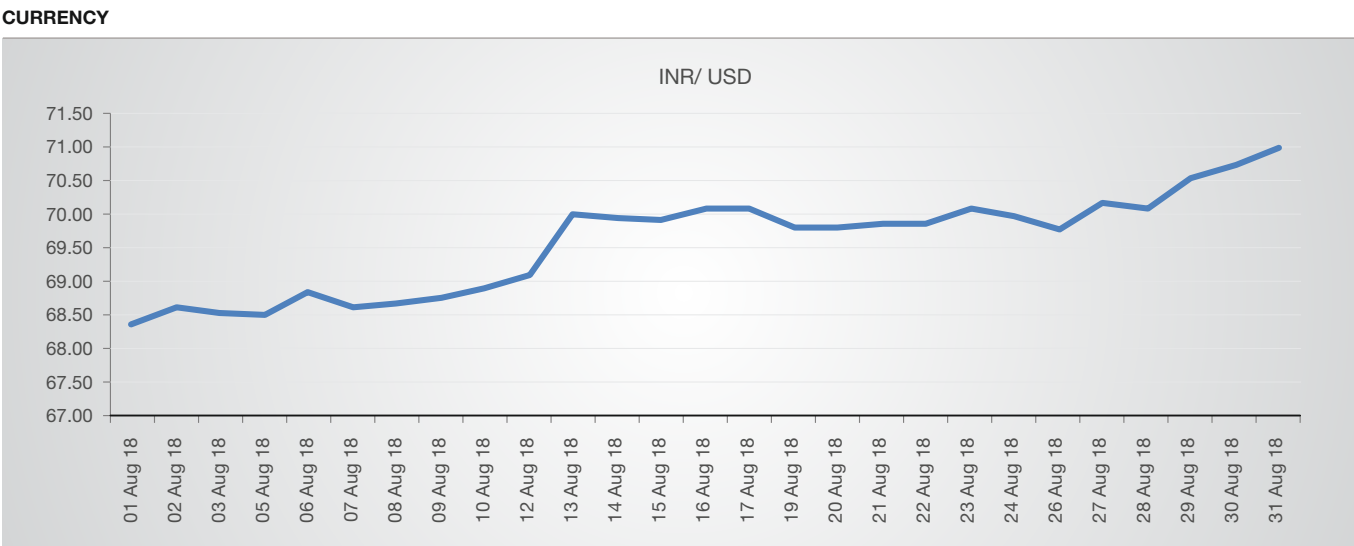
SENSEX



Source: National Stock Exchange

The S&P BSE SENSEX gained 3% in August 2018.

CURRENCY



Source: <https://in.investing.com>

The USD gained 4% compared to the INR in June 2018.



INDIA INFRASTRUCTURE & REALTY UPDATE

COMPLETION OF WESTERN PERIPHERAL EXPRESSWAY

The Western Peripheral Expressway, which was expected to be completed by August 2018, is not yet finished and it has attracted the ire of none other than Narendra Modi, Prime Minister of India, who has asked P.K. Sinha, Cabinet Secretary, to review the matter and ensure that the project is completed by end of September. For the uninitiated, the Western Peripheral Expressway passes through Haryana and connects Kundli and Manesar, in short, it connects NH-44 (at Kundli), NH-48 (at Manesar) and NH-19 (at Palwal). In the present day, the section between Manesar and Palwal is complete while work still remains to be completed between Manesar and Kundli.

PERMANENT CAMPUS FOR 7 NEW IIMs

The Indian Institutes of Management (IIM) at Amritsar, Bodh Gaya, Nagpur, Sambalpur, Sirmaur, Vishakhapatnam and Jammu, in the present day, are functioning out of transit campuses. This will no longer be the case going forward. They would soon have their own permanent campuses. The roadmap for the same has been paved by the Union Cabinet chaired by the Prime Minister, Narendra Modi, who has approved the establishment and operationalisation of permanent campuses of IIMs at each of these 7 locations.

DRAFT RULES FOR EXTENDING UDAN TO INTERNATIONAL ROUTES

UDAN better known as UDE DESH KE AAM NAGRIK is a regional connectivity scheme of the government with the objective of developing the regional aviation market. Under the scheme, under-served small towns were connected through an airline service wherein a certain number of seats were subsidised with tickets costing around ₹2,500 for an

hour-long flight. In a recent move, the government has now released draft rules for extending this scheme on international routes. As per Suresh Prabhu, Minister for Civil Aviation, the objective of extending the UDAN scheme on international routes is to enhance air connectivity between India and international destinations. Of course financial support will be provided to the airlines operating on such routes. Further, as per the draft guidelines “the scheme is to be made operational only for states, which demonstrate their commitment to implement and provide the requisite support for promoting operations of the scheme.”

FIRST RAIL UNIVERSITY

India finally has its own railway university. The new facility recently opened in Vadodara and will conduct two courses—BSc in Transportation Technology and BBA in Transportation Management. From next year onwards 5 more courses would be added. The idea of setting up an institute of this nature was mooted in the Union Budget 2014 but the project ran into rough weather. It was only in the last 1 year that the project gathered steam. 103 students have been selected in the first batch. It is also reported that visiting faculty from reputed institutes will visit the railway university.

AURANGABAD MAYBE INCLUDED IN UDAN-III

If things go as per plan, then the chances are very high that Aurangabad could be included in the UDAN-III scheme. There have been more than enough indications that the city could be included in the third phase of UDAN. One of the objectives of including Aurangabad under UDAN is to boost tourism in the area with specific focus on Buddhist caves. This move by the Ministry of Civil Aviation has also been welcomed by the local industry associations, which have been canvassing for better connectivity of the city.



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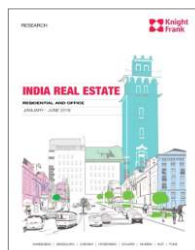
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