Economic Affairs Committee Newsletter

(Monthly Update on India's socio-economic development)

February 2022




PHD RESEARCH BUREAU

PHD CHAMBER OF COMMERCE AND INDUSTRY

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Introduction

The Government of India has presented a pragmatic and promising budget for Aatmanirbhar Bharat. The forward-looking Union Budget is a blueprint of the economy over 'Amrit Kaal' of next 25 years - from India at 75 to India at 100. The Budget 2022-23 will scale up the economic growth trajectory with the growth of infrastructure, digitisation, agriculture, manufacturing, MSMEs, renewable energy, among others. The Budget is a step forward towards the vision of creating an Aatmanirbhar Bharat and reflects a consistency in government's approach towards inclusive development of the country.

Effective capital expenditure of the Government is estimated at Rs 10.68 lakh crores in 2022-23, revised fiscal deficit estimated at 6.9% of GDP as against 6.8% in Budget Estimates and fiscal deficit for FY 2023 is estimated at 6.4%. We are hopeful that fiscal consolidation will be in line in the coming years. Strengthening of health infra, speedy vaccination programme implementation and nationwide resilient response to current wave of COVID19 pandemic are evident to all.

The Economic Survey 2021-22 portrays that Indian economy is well-placed to take on the challenges and economic growth is set to continue in the faster lane. The Survey projects growth rate of 8-8.5% in FY2023 on the back of macro-economic stability and well- placed effective reforms undertaken by the Government. It is encouraging to note that the growth in FY 2023 will be supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending.

Based on the meeting of Monetary Policy Committee on 8-10th February 2022, the Reserve Bank of India's Monetary Policy Committee has decided to keep the repo rate unchanged at 4% and maintain accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on economy and keep inflation within the target. Reverse repo rate also remains unchanged at 3.35%, according to Monetary Policy Statement of February 10th, 2022. his will support the business and consumer sentiments and strengthen the economic recovery. The adequate liquidity in the system will address the financial requirements of the industry particularly small businesses.

Economic Affairs Committee

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1. Indian Economy so Far

1. Union Budget 2022-23 Highlights

The key highlights of the budget are as follows:

Hon'ble Finance Minister Smt. Nirmala Sitharaman has presented a pragmatic, progressive and promising budget for Aatmanirbhar Bharat. The budget has focused on laying foundation and giving blueprint of economy over 'Amrit Kaal' of next 25 years - from India at 75 to India at 100.

The key highlights of the budget are as follows:

PART A

- India's economic growth is estimated at 9.2% in FY 2022 to be the highest among all large economies.
- Total expenditure in 2022-23 estimated at Rs. 39.4 lakh crore.
- Total receipts other than borrowings in 2022-23 estimated at Rs. 22.8 lakh crore.
- Fiscal deficit in the FY 2022: 6.9% of GDP (against 6.8% in Budget Estimates), Fiscal deficit in FY 2023 estimated at 6.4% of GDP.
- The outlay for capital expenditure stepped up sharply by 35.4% to Rs. 7.50 lakh crore in 2022-23 from Rs. 5.54 lakh crore in the current year. The outlay in 2022-23 to be 2.9% of GDP.
- Allocation of Rs. 1 lakh crore in 2022-23 to assist the states in catalysing overall investments in the economy: fifty-year interest-free loans, over and above normal borrowings
- 60 lakh new jobs to be created under the productivity linked incentive scheme in 14 sectors.
- Entering Amrit Kaal, the 25 year long lead up to India @100, the budget provides an impetus for growth along four priorities: PM GatiShakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise opportunities, Energy Transition, and Climate Action and Financing of investments
- The projects pertaining to these 7 engines in the National Infrastructure Pipeline engines for economic transformation, seamless multimodal connectivity and logistics efficiency, will be aligned with PM GatiShakti framework.
- National Highways Network to be expanded by 25000 Km in 2022-23.
- 400 new generation Vande Bharat Trains to be manufactured during the next three years.
- 100 PM GatiShakti Cargo terminals for multimodal logistics to be developed during the next three years.
- Rs. 2.37 lakh crore direct payment to 1.63 crore farmers for procurement of wheat and paddy.
- Emergency Credit Linked Guarantee Scheme (ECLGS) to be extended up to March 2023.
- Digital Ecosystem for Skilling and Livelihood (DESH-Stack e-portal) will be launched to empower citizens to skill, reskill or upskill through on-line training.

- Startups will be promoted to facilitate 'Drone Shakti' and for Drone-As-A-Service (DrAAS).
- 'One class-One TV channel' programme of PM eVIDYA to be expanded to 200 TV channels.
- An open platform for National Digital Health Ecosystem to be rolled out.
- Rs. 60,000 crore allocated to cover 3.8 crore households in 2022-23 under Har Ghar, Nal se Jal.
- Rs. 48,000 crore allocated for completion of 80 lakh houses in 2022-23 under PM Awas Yojana.
- 100 per cent of 1.5 lakh post offices to come on the core banking system.
- Modernization of building bye-laws, Town Planning Schemes (TPS), and Transit-Oriented Development (TOD) will be implemented.
- Scheme for design-led manufacturing to be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.
- Special Economic Zones Act to be replaced with new legislation to enable States to become partners in 'Development of Enterprise and Service Hubs'.
- 68% of capital procurement budget earmarked for the domestic industry- defence in 2022-23, up from 58% in 2021-22.
- Government contribution to be provided for R&D in Sunrise Opportunities like Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems.
- Introduction of Digital Rupee by the Reserve Bank of India starting 2022-23.

PART B

DIRECT TAXES

- Provision to file an Updated Return on payment of additional tax.
- Alternate Minimum Tax paid by cooperatives brought down from 18.5% to 15%.
- Tax deduction limit increased from 10% to 14% on employer's contribution to the NPS account of State Government employees.
- Period of incorporation extended by one year, up to 31.03.2023 for eligible start-ups to avail tax benefit.
- Last date for commencement of manufacturing or production under section 115BAB extended by one year i.e. from 31st March, 2023 to 31st March, 2024.
- Surcharge on long term capital gains arising on transfer of any type of assets capped at 15%**.**
- Benefits passed on to agents as business promotion strategy taxable in hands of agents. Tax deduction provided to person giving benefits, if the aggregate value of such benefits exceeds Rs 20,000 during the financial year.

INDIRECT TAXES

- Gradually phasing out of the concessional rates in capital goods and project imports; and applying a moderate tariff of 7.5% – conducive to the growth of domestic sector and 'Make in India'.
- Certain exemptions for advanced machineries that are not manufactured within the country shall continue.
- A few exemptions introduced on inputs, like specialised castings, ball screw and linear motion guide - to encourage domestic manufacturing of capital goods.
- More than 350 exemption entries proposed to be gradually phased out, like exemption on certain agricultural produce, chemicals, fabrics, medical devices, & drugs and medicines for which sufficient domestic capacity exists.
- Simplifying the Customs rate and tariff structure particularly for sectors like chemicals, textiles and metals and minimise disputes; Removal of exemption on items which are or can be manufactured in India and providing concessional duties on raw material that go into manufacturing of intermediate products.
- Sector specific custom duty proposals announced.

2. RBI keeps Repo Rate unchanged at 4% and sets out various developmental and regulatory policy measures

- The Monetary Policy Committee (MPC) met on 8th, 9th and 10th February 2022. Based on an assessment of the evolving domestic and global macroeconomic and financial conditions and the outlook, the MPC voted unanimously to keep the **policy repo rate** under the liquidity adjustment facility (LAF)**unchanged at 4 per cent.** The reverse repo rate under the LAF remains unchanged at 3.35% and the marginal standing facility (MSF) rate and the Bank Rate at 4.25%.

- The MPC also decided to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth.

- Available high frequency indicators suggest some weakening of demand in January 2022 reflecting the drag on contact-intensive services from the fast spread of the Omicron variant in the country. Rural demand indicators – two-wheeler and tractor sales – contracted in December-January. Area sown under Rabi up to February 4, 2022 was higher by 1.5 per cent over the previous year. Amongst the urban demand indicators, consumer durables and passenger vehicle sales contracted in November-December on account of supply constraints while domestic air traffic weakened in January under the impact of Omicron. Investment activity displayed a mixed picture – while import of capital goods increased in December, production of capital goods declined on a year-on-year (y-o-y) basis in November. Merchandise exports remained buoyant for the eleventh successive month in January 2022; non-oil non-gold imports also continued to expand on the back of domestic demand.

- Headline CPI inflation edged up to 5.6 per cent y-o-y in December from 4.9 per cent in November due to large adverse base effects. The food group registered a significant decline in prices in December, primarily on account of vegetables, meat and fish, edible oils and fruits, but sharp adverse base effects from vegetables prices resulted in a rise in y-o-y inflation. Fuel inflation eased in December but remained in double digits. Core inflation or CPI inflation excluding food and fuel stayed elevated, though there was some moderation from 6.2 per cent in November to 6.0 per cent in December, driven by transportation and communication, health, housing and recreation and amusement.

- Recovery in domestic economic activity is yet to be broad-based, as private consumption and contact-intensive services remain below pre-pandemic levels. Going forward, the outlook for the Rabi crop bodes well for agriculture and rural demand. The impact of the ongoing third wave of the pandemic on the recovery is likely to be limited relative to the earlier waves, improving the outlook for contact-intensive services and urban demand. The announcements in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure are expected to augment growth and crowd in private investment through large multiplier effects. The pick-up in non-food bank credit, supportive monetary and liquidity conditions, sustained buoyancy in merchandise exports, improving capacity utilisation and stable business outlook augur well for aggregate demand. Global financial market volatility, elevated international commodity prices, especially crude oil, and continuing global supply-side disruptions pose downside risks to the outlook. Taking all these factors into consideration, **the real GDP growth for 2022-23 is projected at 7.8 per cent with Q1:2022-23 at 17.2 per cent; Q2 at 7.0 per cent; Q3 at 4.3 per cent; and Q4:2022-23 at 4.5 per cent**

- The MPC notes that inflation is likely to moderate in H1:2022-23 and move closer to the target rate thereafter, providing room to remain accommodative. Timely and apposite supply side measures from the Government have substantially helped contain inflationary pressures. The potential pick up of input costs is a contingent risk, especially if international crude oil prices remain elevated. The pace of the domestic recovery is catching up with pre-pandemic trends, but private consumption is still lagging. COVID-19 continues to impart some uncertainty to the future outlook. Measures announced in the Union Budget 2022-23 should boost aggregate demand. The global macroeconomic environment is, however, characterised by deceleration in global demand in 2022, with increasing headwinds from financial market volatility induced by monetary policy normalisation in the systemic advanced economies (AEs) and inflationary pressures from persisting supply chain disruptions. Accordingly, the MPC judges that the ongoing domestic recovery is still incomplete and needs continued policy support. It is in this context that the MPC has decided to keep the policy repo rate unchanged at 4 per cent and to continue with an accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

3. Economic Survey 2021-22

State of the Economy:

- Indian economy estimated to grow by 9.2 percent in real terms in 2021-22 (as per first advanced estimates) subsequent to a contraction of 7.3 percent in 2020-21.
- GDP projected to grow by 8- 8.5 percent in real terms in 2022-23.
- The year ahead poised for a pickup in private sector investment with the financial system in good position to provide support for economy's revival.
- Projection comparable with World Bank and Asian Development Bank's latest forecasts of real GDP growth of 8.7 percent and 7.5 percent respectively for 2022-23.
- As per IMF's latest World Economic Outlook projections, India's real GDP projected to grow at 9 percent in 2021-22 and 2022-23 and at 7.1 percent in 2023-2024, which would make India the fastest growing major economy in the world for all 3years.
- Agriculture and allied sectors expected to grow by 3.9 percent; industry by 11.8 percent and services sector by 8.2 percent in 2021-22.
- On demand side, consumption estimated to grow by 7.0 percent, Gross Fixed Capital Formation (GFCF) by 15 percent, exports by 16.5 percent and imports by 29.4 percent in 2021-22.
- Macroeconomic stability indicators suggest that the Indian Economy is well placed to take on the challenges of 2022-23.
- Combination of high foreign exchange reserves, sustained foreign direct investment, and rising export earnings will provide adequate buffer against possible global liquidity tapering in 2022-23.
- Economic impact of "second wave" was much smaller than that during the full lockdown phase in 2020-21, though health impact was more severe.
- Government of India's unique response comprised of safety-nets to cushion the impact on vulnerable sections of society and the business sector, significant increase in capital expenditure to spur growth and supply side reforms for a sustained long-term expansion.
- Government's flexible and multi-layered response is partly based on an "Agile" framework that uses feedback-loops, and the use of eighty High Frequency Indicators (HFIs) in an environment of extreme uncertainty.

Fiscal Developments:

- The revenue receipts from the Central Government (April to November, 2021) have gone up by 67.2 percent (YoY) as against an expected growth of 9.6 percent in the 2021-22 Budget Estimates (over 2020-21 Provisional Actuals).
- Gross Tax Revenue registers a growth of over 50 percent during April to November, 2021 in YoY terms. This performance is strong compared to pre-pandemic levels of 2019-2020 also.
- During April-November 2021, Capex has grown by 13.5 percent (YoY) with focus on infrastructure-intensive sectors.
- Sustained revenue collection and a targeted expenditure policy has contained the fiscal deficit for April to November, 2021 at 46.2 percent of BE.
- With the enhanced borrowings on account of COVID-19, the Central Government debt has gone up from 49.1 percent of GDP in 2019-20 to 59.3 percent of GDP in 2020-21, but is expected to follow a declining trajectory with the recovery of the economy.

External Sectors:

- India's merchandise exports and imports rebounded strongly and surpassed pre-COVID levels during the current financial year.
- There was significant pickup in net services with both receipts and payments crossing the pre-pandemic levels, despite weak tourism revenues.
- Net capital flows were higher at US$ 65.6 billion in the first half of 2021-22, on account of continued inflow of foreign investment, revival in net external commercial borrowings, higher banking capital and additional special drawing rights (SDR) allocation.
- India's external debt rose to US $ 593.1 billion at end-September 2021, from US $ 556.8 billion a year earlier, reflecting additional SDR allocation by IMF, coupled with higher commercial borrowings.
- Foreign Exchange Reserves crossed US$ 600 billion in the first half of 2021-22 and touched US $ 633.6 billion as of December 31, 2021.
- As of end-November 2021, India was the fourth largest forex reserves holder in the world after China, Japan and Switzerland.

Monetary Management and Financial Intermediation:

- The liquidity in the system remained in surplus.
    - Repo rate was maintained at 4 per cent in 2021-22.
    - RBI undertook various measures such as G-Sec Acquisition Programme and Special Long-Term Repo Operations to provide further liquidity.
- The economic shock of the pandemic has been weathered well by the commercial banking system:
    - YoY Bank credit growth accelerated gradually in 2021-22 from 5.3 per cent in April 2021 to 9.2 per cent as on 31st December 2021.
    - The Gross Non-Performing Advances ratio of Scheduled Commercial Banks (SCBs) declined from 11.2 per cent at the end of 2017-18 to 6.9 per cent at the end of September, 2021.
    - Net Non-Performing Advances ratio declined from 6 percent to 2.2 per cent during the same period.
    - Capital to risk-weighted asset ratio of SCBs continued to increase from 13 per cent in 2013-14 to 16.54 per cent at the end of September 2021.
    - The Return on Assets and Return on Equity for Public Sector Banks continued to be positive for the period ending September 2021.
- Exceptional year for the capital markets:
    - Rs. 89,066 crore was raised via 75 Initial Public Offering (IPO) issues in April-November 2021, which is much higher than in any year in the last decade.
    - Sensex and Nifty scaled up to touch peak at 61,766 and 18,477 on October 18, 2021.
    - Among major emerging market economies, Indian markets outperformed peers in April-December 2021.

Prices and Inflation:

- The average headline CPI-Combined inflation moderated to 5.2 per cent in 2021-22 (April-

December) from 6.6 per cent in the corresponding period of 2020-21.
  - The decline in retail inflation was led by easing of food inflation.
  - Food inflation averaged at a low of 2.9 per cent in 2021-22 (April to December) as against 9.1 per cent in the corresponding period last year.
  - Effective supply-side management kept prices of most essential commodities under control during the year.
  - Proactive measures were taken to contain the price rise in pulses and edible oils.
  - Reduction in central excise and subsequent cuts in Value Added Tax by most States helped ease petrol and diesel prices.
- Wholesale inflation based on Wholesale Price Index (WPI) rose to 12.5 per cent during 2021-22 (April to December).
  - This has been attributed to:
    - Low base in the previous year,
    - Pick-up in economic activity,
    - Sharp increase in international prices of crude oil and other imported inputs, and
    - High freight costs.
- Divergence between CPI-C and WPI Inflation:
  - The divergence peaked to 9.6 percentage points in May 2020.
  - However, this year there was a reversal in divergence with retail inflation falling below wholesale inflation by 8.0 percentage points in December 2021.
  - This divergence can be explained by factors such as:
    - Variations due to base effect,
    - Difference in scope and coverage of the two indices,
    - Price collections,
    - Items covered,
    - Difference in commodity weights, and
    - WPI being more sensitive to cost-push inflation led by imported inputs.
  - With the gradual waning of base effect in WPI, the divergence in CPI-C and WPI is also expected to narrow down.

Sustainable Development and Climate Change:

- India’s overall score on the NITI Aayog SDG India Index and Dashboard improved to 66 in 2020-21 from 60 in 2019-20 and 57 in 2018-19.
- Number of Front Runners (scoring 65-99) increased to 22 States and UTs in 2020-21 from 10 in 2019-20.
- In North East India, 64 districts were Front Runners and 39 districts were Performers in the NITI Aayog North-Eastern Region District SDG Index 2021-22.
- India has the tenth largest forest area in the world.
- In 2020, India ranked third globally in increasing its forest area during 2010 to 2020.
- In 2020, the forests covered 24% of India’s total geographical, accounting for 2% of the world’s total forest area.
- In August 2021, the Plastic Waste Management Amendment Rules, 2021, was notified which is aimed at phasing out single use plastic by 2022.
- Draft regulation on Extended Producer Responsibility for plastic packaging was notified.
- The Compliance status of Grossly Polluting Industries (GPIs) located in the Ganga main stem and

its tributaries improved from 39% in 2017 to 81% in 2020.

- The consequent reduction in effluent discharge has been from 349.13 millions of litres per day (MLD) in 2017 to 280.20 MLD in 2020.
- The Prime Minister, as a part of the national statement delivered at the 26th Conference of Parties (COP 26) in Glasgow in November 2021, announced ambitious targets to be achieved by 2030 to enable further reduction in emissions.
- The need to start the one-word movement ‘LIFE’ (Lifestyle for Environment) urging mindful and deliberate utilization instead of mindless and destructive consumption was underlined.

Agriculture and Food Management:

- The Agriculture sector experienced buoyant growth in past two years, accounting for a sizeable 18.8% (2021-22) in Gross Value Added (GVA) of the country registering a growth of 3.6% in 2020-21 and 3.9% in 2021-22.
- Minimum Support Price (MSP) policy is being used to promote crop diversification.
- Net receipts from crop production have increased by 22.6% in the latest Situation Assessment Survey (SAS) compared to SAS Report of 2014.
- Allied sectors including animal husbandry, dairying and fisheries are steadily emerging to be high growth sectors and major drivers of overall growth in agriculture sector.
- The Livestock sector has grown at a CAGR of 8.15% over the last five years ending 2019-20. It has been a stable source of income across groups of agricultural households accounting for about 15% of their average monthly income.
- Government facilitates food processing through various measures of infrastructure development, subsidized transportation and support for formalization of micro food enterprises.
- India runs one of the largest food management programmes in the world.
- Government has further extended the coverage of food security network through schemes like PM Gareeb Kalyan Yojana (PMGKY).

Industry and Infrastructure:

- Index of Industrial Production (IIP) grew at 17.4 percent (YoY) during April-November 2021 as compared to (-)15.3 percent in April-November 2020.

    - Capital expenditure for the Indian railways has increased to Rs. 155,181 crores in 2020-21 from an average annual of Rs. 45,980 crores during 2009-14 and it has been budgeted to further increase to Rs. 215,058 crores in 2021-22 – a five times increase in comparison to the 2014 level.
    - Extent of road construction per day increased substantially in 2020-21 to 36.5 Kms per day from 28 Kms per day in 2019-20 – a rise of 30.4 percent.
    - Net profit to sales ratio of large corporates reached an all-time high of 10.6 percent in in July-September quarter of 2021-22 despite the pandemic (RBI Study).

- Introduction of Production Linked Incentive (PLI) scheme, major boost provided to infrastructure-both physical as well as digital, along with measures to reduce transaction costs and improve ease of doing business, would support the pace of recovery.

Services:

- GVA of services crossed pre-pandemic level in July-September quarter of 2021-22; however, GVA of contact intensive sectors like trade, transport, etc. still remain below pre-pandemic level.
    - Overall service Sector GVA is expected to grow by 8.2 percent in 2021-22.
    - During April-December 2021, rail freight crossed its pre-pandemic level while air freight and port traffic almost reached their pre-pandemic levels, domestic air and rail passenger traffic are increasing gradually – shows impact of second wave was much more muted as compared to during first wave.
    - During the first half of 2021-22, service sector received over US$ 16.7 billion FDI – accounting for almost 54 percent of total FDI inflows into India.
    - IT-BPM services revenue reached US$ 194 billion in 2020-21, adding 1.38 lakh employees during the same period.
    - Major government reforms include, removing telecom regulations in IT-BPO sector and opening up of space sector to private players.
    - Services exports surpassed pre-pandemic level in January-March quarter of 2020-21 and grew by 21.6 percent in the first half of 2021-22 - strengthened by global demand for software and IT services exports.
    - India has become 3rd largest start-up ecosystem in the world after US and China. Number of new recognized start-ups increased to over 14000 in 2021-22 from 733 in 2016-17.
    - 44 Indian start-ups have achieved unicorn status in 2021 taking overall tally of unicorns to 83, most of which are in services sector.

Social Infrastructure and Employment:

- 157.94 crore doses of COVID-19 vaccines administered as on 16th January 2022; 91.39 crore first dose and 66.05 crore second dose.
    - With revival of economy, employment indicators bounced back to pre-pandemic levels during last quarter of 2020-21.
    - As per the quarterly Periodic Labour Force Survey (PFLS) data up to March 2021, employment in urban sector affected by pandemic has recovered almost to the pre-pandemic level.
    - According to Employees Provident Fund Organisation (EPFO) data, formalization of jobs continued during second COVID wave; adverse impact of COVID on formalization of jobs much lower than during the first COVID wave.
    - Expenditure on social services (health, education and others) by Centre and States as a proportion of GDP increased from 6.2 % in 2014-15 to 8.6% in 2021-22 (BE)
    - As per the National Family Health Survey-5:

    - Total Fertility Rate (TFR) came down to 2 in 2019-21 from 2.2 in 2015-16
    - Infant Mortality Rate (IMR), under-five mortality rate and institutional births have improved in 2019-21 over year 2015-16

· Under Jal Jeevan Mission (JJM), 83 districts have become 'Har Ghar Jal' districts.

- Increased allotment of funds to Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) to provide buffer for unorganized labour in rural areas during the pandemic.

4. World Bank: Global Economic Prospects India's GDP to grow at 8.3% in FY2022, 8.7% in FY2023 and 6.8% in FY2024

World Bank: Global Economic Prospects says that after rebounding to an estimated 5.5% in 2021, global growth is expected to decelerate markedly to 4.1% in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks. The near-term outlook for global growth is somewhat weaker, and for global inflation notably higher, than previously envisioned, owing to pandemic resurgence, higher food and energy prices, and more pernicious supply disruptions.

Global growth is projected to soften further to 3.2% in 2023, as pent-up demand wanes and supportive macroeconomic policies continue to be unwound. Although output and investment in advanced economies are projected to return to pre-pandemic trends next year, in emerging market and developing economies (EMDEs)— particularly in small states and fragile and conflict -afflicted countries—they will remain markedly below, owing to lower vaccination rates, tighter fiscal and monetary policies, and more persistent scarring from the pandemic. Various downside risks cloud the outlook, including simultaneous Omicron-driven economic disruptions, further supply bottlenecks, a deanchoring of inflation expectations, financial stress, climate-related disasters, and a weakening of long-term growth drivers.

Growth in SAR is projected to accelerate to 7.6 % in 2022, as pandemic-related disruptions fade, before slowing to 6.0% in 2023. Growth projections have been revised up since June 2021 for each year of the forecast period, largely reflecting better prospects in Bangladesh, India and Pakistan. Returning demand is expected to drive a strong rebound in imports and gradually widen the region's current account deficit. Despite the upward revision to growth, output in 2023 is still expected to be almost 8% smaller than the level of output projected for 2023 prior to the pandemic. In the subregion excluding India, output in 2023 is now expected to be around 4% below pre-pandemic projections.

Outlook for India

India's economy is expected to expand by 8.3% in fiscal year 2021/22 (ending March 2022), unchanged from last June's forecast as the recovery is yet to become broad-based. The economy should benefit from the resumption of contact-intensive services, and ongoing but narrowing monetary and fiscal policy support. In FY2022/23 and FY2023/24 growth has been upgraded, to 8.7 and 6.8% respectively, to reflect an improving investment outlook with private investment, particularly manufacturing, benefiting from the Production-Linked Incentive (PLI) Scheme, and increases in infrastructure investment. The growth outlook will also be supported by ongoing structural reforms, a betterthan-expected financial sector recovery, and measures to resolve financial sector challenges despite ongoing risks.

5. India's GDP growth estimated at 9% in FY 2022 and projected at 9% in FY 2023: IMF's World Economic Outlook Update

According to World Economic Outlook Update (January 2022): Rising Caseloads, a Disrupted Recovery, and Higher Inflation, the global economy enters 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant spreads, countries have re-imposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies.

With the pandemic continuing to maintain its grip, the emphasis on an effective global health strategy is more salient than ever. Worldwide access to vaccines, tests, and treatments is essential to reduce the risk of further dangerous COVID-19 variants. This requires increased production of supplies, as well as better in-country delivery systems and fairer international distribution. Monetary policy in many countries will need to continue on a tightening path to curb inflation pressures, while fiscal policy—operating with more limited space than earlier in the pandemic—will need to prioritize health and social spending while focusing support on the worst affected. In this context, international cooperation will be essential to preserve access to liquidity and expedite orderly debt restructurings where needed. Investing in climate policies remains imperative to reduce the risk of catastrophic climate change.

Outlook for India

India's GDP growth is estimated at 9% in FY 2022 and projected at 9% in FY 2023 and 7.1% in FY 2024. According to IMF's World Economic Outlook Update, among prominent revisions not due to the pandemic, India's prospects for 2023 are marked up on expected improvements to credit growth—and, subsequently, investment and consumption—building on better-than-anticipated performance of the financial sector.

6. December 2021 IIP growth stands at 0.4%

Growth in industry output, as measured in terms of IIP, for the month of December 2021 stands at 0.4% as compared to 1.3% in November 2021. IIP growth in December 2020 stood at 2.2%.

The growth in the three sectors mining, manufacturing and electricity in December 2021 stands at around 2.6%, (-)0.1%, 2.8%, respectively over December 2020. Primary goods growth stands at around 2.8%, capital goods at (-)4.6%, intermediate goods at 0.3%, infrastructure/construction goods at 1.7%, consumer durables at (-)2.7% and consumer non-durables growth at (-)0.6% during December 2021 as compared to same month previous year.

Recent growth pattern in IIP **(% growth)**

	Weight in IIP	April-December 2020-21	April-December 2021-22	November 2021	December 2021
Mining	14.3	(-)11.0	16.0	4.9	2.6
Manufacturing	77.6	(-)14.9	16.0	0.8	(-)0.1
Electricity	7.9	(-)3.6	9.4	2.1	2.8
Primary goods	34.0	(-)9.9	11.8	3.5	2.8
Capital goods	8.2	(-)27.4	24.2	(-)2.01	(-)4.6
Intermediate goods	17.2	(-)14.6	20.6	2.4	0.3

Infrastructure/construction goods	12.3	(-)14.8	23.9	3.1	1.7
Consumer durables	12.8	(-)24.5	20.4	(-)5.4	(-)2.7
Consumer non-durables	15.3	(-)4.5	5.4	0.5	(-)0.6
Overall IIP	**100**	(-)13.3	15.2	1.3	**0.4**

Source: PHD Research Bureau, PHD Chamber, compiled from CSO

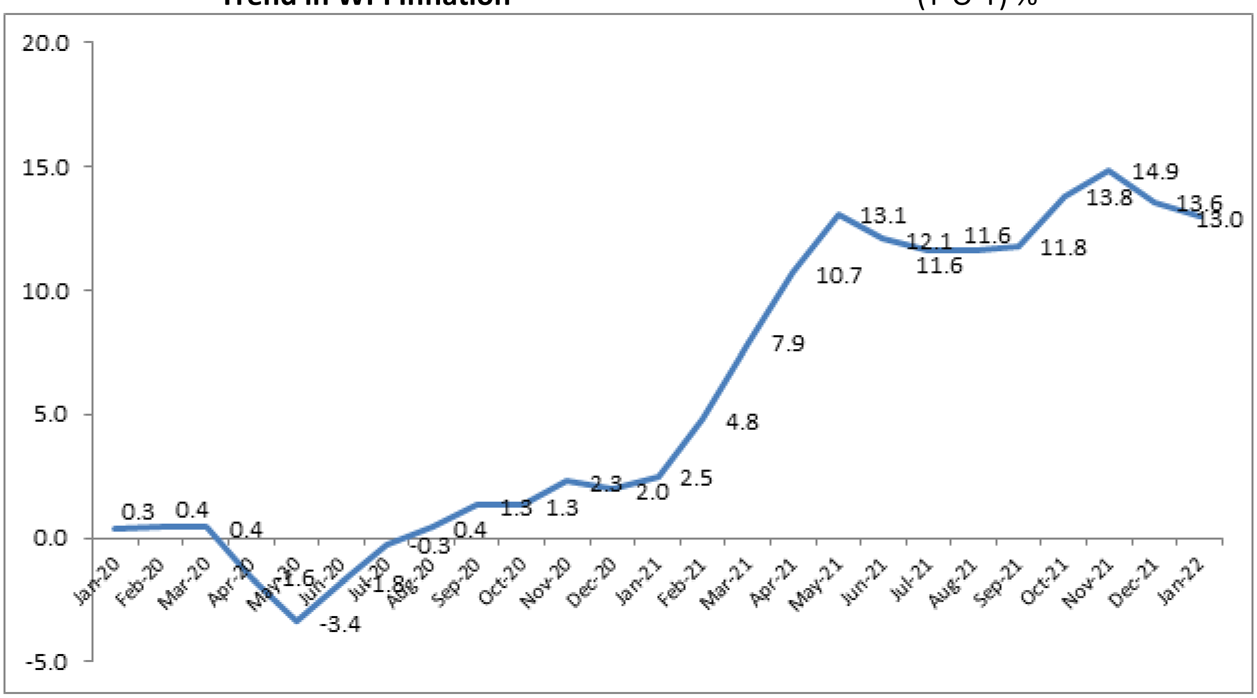
7. November 2021 Fiscal Deficit stands at 46.2% of actuals to BEs

The gross fiscal deficit of the Central Government stands at 46.2% of the actuals to budget estimates (BEs) in November 2021 as compared to 135.1% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit and revenue deficit stands at 33.8% and 38.8% respectively, of the actuals to budget estimates in November 2021 as compared to 785.3% and 139.9% respectively, of the actuals to budget estimates in the corresponding period of the previous year.

8. WPI inflation stands at 12.96% in January 2022

The annual rate of Wholesale Price Index (WPI) inflation stands at 12.96% (Provisional) for the month of January, 2022 as compared to 2.5% in January, 2021. The WPI inflation stood at 13.56% in December 2021. The high rate of inflation in January, 2022 is primarily due to rise in prices of mineral oils, crude petroleum & natural gas, basic metals, chemicals and chemical products, food articles etc as compared the corresponding month of the previous year.

Trend in WPI Inflation (Y-O-Y) %



Source: PHD Research Bureau, PHDCCI, compiled from the office of the Economic Advisor, Government of India (Note: Figures are rounded off)

WPI inflation in Select Commodities (Base year: 2011-12)

S. No.	Commodity	WPI Inflation Y-o-Y % growth			
		Nov-21	Dec-21	Jan-22	Change in January 2022 as Compared to Previous Month
1	**All Commodities**	14.9	13.6	13.0	↓
2	**Primary Articles**	10.2	13.4	13.9	↑
3	**Food Articles**	4.8	9.6	10.3	↑
4	**Cereals**	4.0	5.1	5.5	↑
5	**Vegetables**	3.4	31.6	38.4	↑
6	**Non-food Articles**	13.4	19.0	19.7	↑
7	**Fuel & Power**	44.4	32.3	32.3	=
8	**Petrol**	89.8	72.1	62.0	↓
9	**Manufactured Products**	12.3	10.6	9.4	↓

Source: PHD Research Bureau, PHDCCI, compiled from the Office of the Economic Advisor, Government of India (Note: Figures are rounded off)

9. CPI inflation rises to 6.01% in January 2022

According to the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the CPI inflation rises to 6.01% in January 2022 as compared to 5.7% in December 2021.

All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e. January 2022 over January 2021), based on General Indices and CFPIs are given as follows:

All India Inflation Rates (%) based on CPI (General) and CFPI

Indices	January 2022 (Prov.)			December 2021 (Final)		
	Rural	Urban	Combined	Rural	Urban	Combined
CPI (General)	6.1	5.9	6.01	5.4	5.9	5.7
CFPI	5.2	5.9	5.4	3.4	5.1	4.05

Source: PHD Research Bureau, PHDCCI, compiled from MOSPI

The Price data are collected from selected 1114 urban Markets and 1181 villages covering all States/UTs through personal visits by field staff of Field Operations Division of NSO, MoSPI on a weekly roster. During the month of January 2022, NSO collected prices from 99.7% villages and 98.2% urban Markets while the Market-wise prices reported therein were 89.3% for rural and 93.3% for urban.

All India Consumer Price Indices and year-on-year Inflation rates (%) for January 2022 (Provisional) (Base 2012=100)

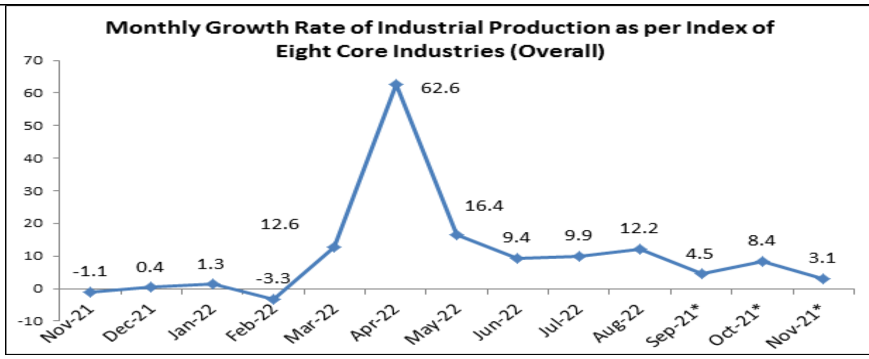
Category	All India Consumer Price Indices and year-on-year Inflation rates (%) for January, 2022 (Provisional)					
	Rural		Urban		Combined	
	January, 2022 Index (Prov.)	Inflation Rate (%)	January, 2022 (Prov.)	Inflation Rate (%)	January, 2022 Index (Prov.)	Inflation Rate (%)
Food and Beverages	164.1	5.4	170.3	5.9	166.4	5.6
Pan, tobacco and intoxicants	190.7	2.6	196.4	1.9	192.2	2.4
Clothing and Footwear	172.7	9.6	162.3	7.5	168.6	8.8
Housing	-	-	164.5	3.5	164.5	3.5
Fuel and Light	165.8	8.4	161.5	10.8	164.2	9.3
Miscellaneous	166.6	6.3	158.6	6.8	162.7	6.5
General Index (All Groups)	166.4	6.1	165.0	5.9	165.7	6.01

Source: PHD Research Bureau, PHD Chamber, compiled from MOSPI Note: CPI (Rural) for Housing is not compiled

10. December 2021 core infra growth stands at 3.8%

The core infrastructure growth stands at 3.8% in December 2021 as compared to 3.1% in November 2021, 8.4% in October 2021, 4.5% in September 2021, 12.2% in August 2021, 9.9% in July 2021, 9.4% in June 2021, 16.4% in May 2021, 62.6% in April 2021, 12.6% in March 2021, (-)3.3% in February 2021 and 1.3% in January 2021. The core infrastructure growth stood at (-)1.1% in November 2020. The cumulative growth of core infrastructure during April-December 2021-22 stands at 12.6% as compared to (-)9.8% in April-December 2020-21.

The y-o-y growth rate of Coal stands at 5.2%, crude oil at (-)1.8%, Natural Gas at 19.5%, Refinery Products at 5.9%, Fertilizers at 3.5%, Steel at (-)1.0%, Cement at 12.9% and Electricity at 2.5% in December 2021 as compared to November 2021 y-o-y figures of Coal at 8.2%, crude oil at (-)2.2%, Natural Gas at 23.7%, Refinery Products at 4.3%, Fertilizers at 2.5%, Steel at 1.4%, Cement at (-)3.6% and Electricity at 2.1%.



Source: PHD Research Bureau, PHDCCI, compiled from Ministry of Commerce & Industry (Note: Figures are in %)

11. Merchandise exports exhibited a positive growth of 38.91% in December 2021

EXPORTS- Merchandise exports in December 2021 were USD 37.81 Billion, as compared to USD 27.22 Billion in December 2020, exhibiting a positive growth of 38.91 per cent. As compared to December 2019, exports in December 2021 exhibited a positive growth of 39.47 per cent.

IMPORTS- Merchandise imports in December 2021 were USD 59.48 Billion, which is an increase of 38.55 per cent over imports of USD 42.93 Billion in December 2020. Imports in December 2021 have registered a positive growth of 50.24 per cent in comparison to December 2019.

India's Merchandise Trade Statistics at a Glance

Merchandise	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	June-21	July-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Exports (USD billion)	25	23	27	27	28	34	31	32	33	35	33	34	36	30	38
Growth (%)	-5	-9	0.14	6	0.7	60	196	69	48	49	46	23	43	27	39
Imports (USD billion)	34	33	42	42	41	48	46	39	42	46	47	56	55	53	59
Growth (%)	-12	-13	8	2	7	54	167	74	98	62	51	85	63	57	38
Trade Balance (USD billion)	-9	-10	-15	-15	-13	-14	-15	-7	-9	-11	-14	-22	-19	-23	-21

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

12. Service exports registered a growth of 20% in November 2021

EXPORTS

The estimated value of services export for December 2021* is USD 20.07 Billion, exhibiting a positive growth of 5.26 per cent vis-a-vis December 2020 (USD 19.06 Billion) and a positive growth of 1.29 per cent vis-à-vis December 2019 (USD 19.81 Billion).

IMPORTS

The estimated value of services import for December 2021* is USD 12.87 Billion exhibiting a positive growth of 15.76 per cent vis-à-vis December 2020 (USD 11.12 Billion) and a positive growth of 7.44 per cent vis-à-vis December 2019 (USD 11.98 Billion).

Trade in Services at a Glance

Services	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Exports (Receipts) (USD billion)	17	17	19	17	18	20	18	17	19	18	20	21	20	20
Imports (Payments) (USD billion)	10	10	12	10	11	13	10	10	11	11	12	12	12	13
Trade Balance (USD billion)	7	7	7	7	7	7	8	7	8	7	8	9	8	7

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

13. Gross Bank Credit growth stands at 9.2% in December 2021

Gross bank credit growth (year-on-year) stands at 9.2% in December2021 as compared to 6.6% in January 2021. Gross bank credit y-o-y growth stood at 9.2% in December 2021.

Highlights:

- Credit to agriculture and allied activities continued to perform well, registering a robust growth of 14.5 per cent in December 2021 as compared to 7.7 per cent in December 2020.
- Credit growth to industry improved noticeably to 7.6 per cent in December 2021 from 0.4 per cent in December 2020. Size-wise, credit to medium industries registered high double-digit growth of 86.5 per cent in December 2021 as compared to 17.1 per cent last year. Credit growth to micro and small industries accelerated to 20.5 per cent in December 2021 from 1.3 per cent a year ago. Credit to large industries recorded a growth of 1.3 per cent in December 2021 against a contraction of 0.5 per cent a year ago.
- Within industry, credit growth to 'all engineering', 'beverage & tobacco', 'chemicals & chemical products', 'infrastructure', 'leather & leather products', 'mining & quarrying', 'petroleum, coal product & nuclear fuels', 'rubber plastic & their products', 'textiles' and 'wood & wood products' accelerated in December 2021 as compared to the corresponding month of the previous year. However, credit growth to 'basic metal & metal products', 'cement & cement products', 'construction', 'food processing', 'gems & jewellery', 'glass & glassware', 'paper & paper products' and 'vehicles, vehicles parts & transport equipment' decelerated/contracted.
- Credit growth to services sector accelerated to 10.8 per cent in December 2021 from 8.0 per cent a year ago, mainly due to significant improvement in credit growth to 'NBFCs'.
- Credit to the personal loans segment continued to expand at a robust rate and grew by 14.3 per cent in December 2021 vis-à-vis 8.8 per cent a year ago. Housing remained the prime driver of overall growth in the segment.

14. India's current account balance recorded a deficit of US$ 9.6 billion (1.3% of GDP) in Q2:2021-22

Key Features of India's BoP in Q2:2021-22

India's current account balance recorded a deficit of US$ 9.6 billion (1.3 per cent of GDP) in Q2:2021-22 as against a surplus of US$ 6.6 billion (0.9 per cent of GDP) in Q1:2021-22 and US$ 15.3 billion (2.4 per cent of GDP) a year ago [i.e., Q2:2020-21].

The deficit in the current account in Q2:2021-22 was mainly due to widening of trade deficit to US$ 44.4 billion from US$ 30.7 billion in the preceding quarter and an increase in net outgo of investment income.

Net services receipts decreased marginally over the previous quarter but increased on a year-on-year (y-o-y) basis, on the back of robust performance of the exports of computer and business services.

Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US$ 21.1 billion, an increase of 3.7 per cent from their level a year ago.

Net outgo from the primary income account, mainly reflecting net overseas investment income payments, increased sequentially as well as on a y-o-y basis.

In the financial account, net foreign direct investment recorded an inflow of US$ 9.5 billion, lower than US$ 24.4 billion a year ago. Net foreign portfolio investment was US$ 3.9 billion as compared with US$ 7.0 billion in Q2:2020-21.

Net external commercial borrowings to India recorded inflow of US$ 4.1 billion in Q2:2021-22 as against an outflow of US$ 3.7 billion a year ago. Non-resident deposits recorded net outflow of US$ 0.8 billion as against an inflow of US$ 1.9 billion in Q2:2020-21.

There was an accretion of US$ 31.2 billion (on a BoP basis) in Q2:2021-22 which also included SDR allocation of US$ 17.86 billion by the International Monetary Fund on August 23, 2021.

BoP During April-September 2021 (H1:2021-22)

India recorded a current account deficit of 0.2 per cent of GDP in H1:2021-22 as against a surplus of 3.0 per cent in H1:2020-21 on the back of a sharp increase in the trade deficit.

Net invisible receipts were higher in H1:2021-22, on account of higher net receipts of services and private transfers.

Net FDI inflows at US$ 21.2 billion in H1:2021-22 were lower than US$ 23.9 billion in H1:2020-21.

Portfolio investment recorded a net inflow of US$ 4.3 billion in H1:2021-22 as compared with US$ 7.6 billion a year ago.

In H1:2021-22, there was an accretion of US$ 63.1 billion to the foreign exchange reserves (on a BoP basis).

15. India's external debt stands at USD 571.3 billion at end June 2021

At end-June 2021, India's external debt was placed at US$ 571.3 billion, recording an increase of US$ 1.6 billion over its level at end-March 2021. The external debt to GDP ratio declined to 20.2% at end-June 2021 from 21.1% at end-March 2021. Valuation gain due to the appreciation of the US dollar vis-à-vis Indian rupee was placed at US$ 1.7 billion. Excluding the valuation effect, external debt would have increased by US$ 3.3 billion instead of US$ 1.6 billion at end-June 2021 over end-March 2021.

Major highlights pertaining to India's external debt at end-June 2021 are presented below:

• Commercial borrowings remained the largest component of external debt, with a share of 37.4%, followed by non-resident deposits (24.8%) and short-term trade credit (17.4%).

• At end-June 2021, long-term debt (with original maturity of above one year) was placed at US$ 468.8 billion, recording an increase of US$ 0.2 billion over its level at end-March 2021.

• The share of short-term debt (with original maturity of up to one year) in total external debt increased marginally to 17.9% at end-June 2021 from 17.7% at end-March 2021; however, the ratio of short-term debt (original maturity) to foreign exchange reserves declined to 16.8% at end-June 2021 (17.5% at end-March 2021).

• Short-term debt on residual maturity basis (i.e., debt obligations that include long-term debt by original maturity falling due over the next twelve months and short-term debt by original maturity) constituted 44.7% of total external debt at end-June 2021 (44.6% at end-March 2021) and stood at 41.8% of foreign exchange reserves (44.1% at end-March 2021).

• US dollar denominated debt remained the largest component of India's external debt, with a share of 52.4% at end-June 2021, followed by debt denominated in the Indian rupee (33.2%), yen (5.8 per cent), SDR2 (4.4%) and the euro (3.4%).

• The borrower-wise classification shows that the outstanding government debt decreased, while non-government debt increased at end-June 2021.

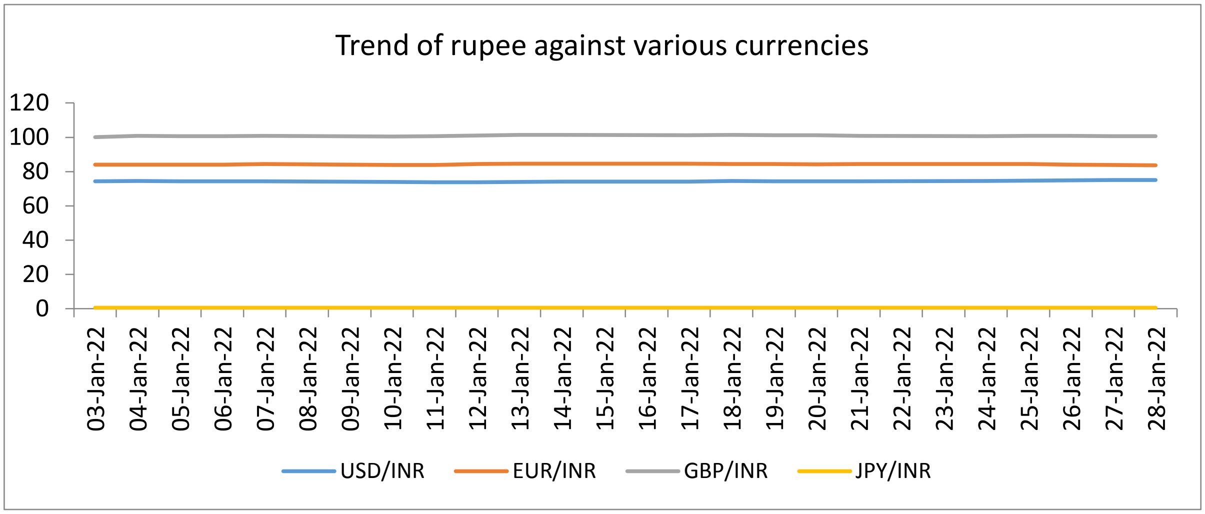
• The share of outstanding debt of non-financial corporations in total external debt was the highest at 40.6%, followed by deposit-taking corporations (except the central bank) (28.1%), general government (18.7%) and other financial corporations (8.1%).

• The instrument-wise classification shows that the loans were the largest component of external debt, with a share of 34.7%, followed by currency and deposits (25.0%), trade credit and advances (17.9 per cent) and debt securities (16.9%).

• Debt service (i.e., principal repayments and interest payments) declined to 4.1% of current receipts at end-June 2021 as compared with 8.2% at end-March 2021, reflecting lower repayments and higher current receipts.

16. Overview of Indian Rupee

In the month of January 2022, the average exchange rate of rupee against USD stands at 74.4. The average exchange rate of rupee against Japanese yen stands at 0.64. The exchange rate of rupee against Euro has remained at an average of 84.2 in the month of January 2022. While, the average exchange rate of rupee against pound sterling is at 100.88 during January 2022.



Source: PHD Research Bureau, PHDCCI, compiled from Investing India Website

17. Monthly trend of rupee exchange rate (high and low) against currencies in January 2022

In the month of January 2022, the exchange rate of rupee against USD recorded highest at 75.31, while it registered lowest at 73.74. The exchange rate of rupee against pound registered highest at 101.95 and lowest at 99.82. In case of Euro currency, exchange rate of rupee recorded highest at 85.14 and lowest at 83.38. The exchange rate of rupee against Japanese yen recorded highest at 0.65 and lowest at 0.63.

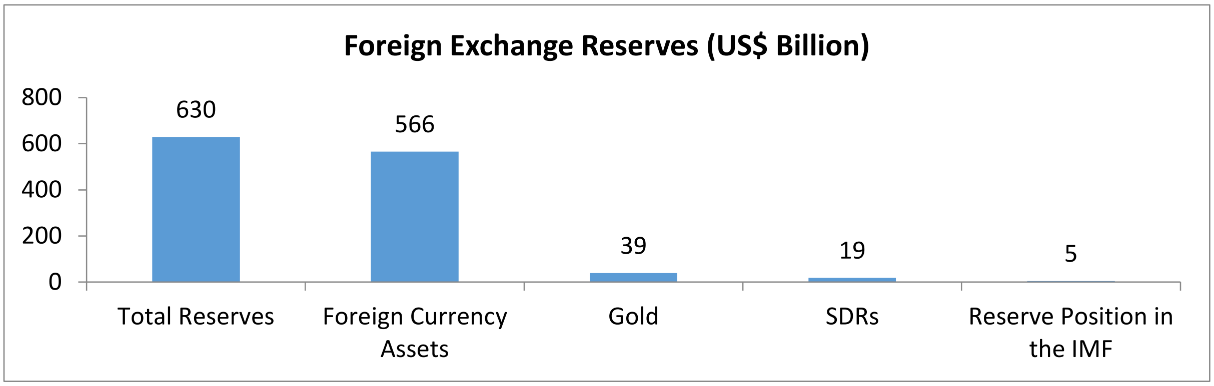
Monthly trend of rupee exchange rate

	Open	High	Low	Close
USD	74.37	75.32	73.74	75.03
Pound Sterling	100.18	101.95	99.82	100.57
Euro	83.99	85.14	83.38	83.61
Japanese Yen	0.64	0.65	0.63	0.65

Source: PHD Research Bureau, compiled from other sources.

18. Foreign exchange reserves

India's foreign exchange reserves stands at about USD 630 billion as on 28th January, 2022 of which Foreign Currency Assets consists of USD 566 billion, Gold reserves at USD 39 billion, SDRs at USD 19 billion and reserve position in the IMF at USD 5 billion.



Source: PHD Research Bureau, compiled from RBI Bulletin of 28th January 2022(Note: Figures are round off)

19. Gross GST Revenue collections for January 2022 stands at Rs 1,38,394 crore

The gross GST revenue collected in the month of January 2022 till 3PM on 31.01.2022 is Rs 1,38,394 crore of which CGST is Rs 24,674 crore, SGST is Rs 32,016 crore, IGST is Rs 72,030 crore (including Rs 35,181 crore collected on import of goods) and cess is Rs 9,674 crore (including Rs 517 crore collected on import of goods). The highest monthly GST collection has been Rs 1,39,708 crore in the month of April 2021. Total number of GSTR-3B returns filed upto 30th January 2022 is 1.05 crore that includes 36 lakh quarterly returns.

The government has settled Rs 29,726 crore to CGST and Rs 24,180 crore to SGST from IGST as regular settlement. In addition, Centre has also settled Rs. 35,000 crore of IGST on ad-hoc basis in the ratio of 50:50 between Centre and States/UTs in this month. The total revenue of Centre and the States in the month of January 2022 after regular and ad-hoc settlements is Rs 71,900 crore for CGST and Rs 73,696 crore for the SGST. Centre also released GST compensation Rs 18,000 crore in January'2022 to States/UTs.

The revenues for the month of January 2022 are 15% higher than the GST revenues in the same month last year and 25% higher than the GST revenues in January 2020. During the month, revenues from import of goods was 26% higher and the revenues from domestic transaction (including import of services) are 12% higher than the revenues from these sources during the same month last year.

This is for the fourth time GST collection has crossed Rs 1.30 lakh crore mark. 6.7 crore e-way bills were generated in the month of December 2021 which is 14% higher than 5.8 crore e-way bills generated in the month of November 2021. Coupled with economic recovery, anti-evasion activities, especially action against fake billers have been contributing to the enhanced GST. The improvement in revenue has also been due to various rate rationalization measures undertaken by the Council to correct inverted duty structure. It is expected that the positive trend in the revenues will continue in the coming months as well.

PHD CHAMBER
OF COMMERCE AND INDUSTRY

Trade & Investment Facilitation Services (TIFS)

Trade and Investment Facilitation Services (TIFS)

Trade and Investment Facilitation Services (TIFS) is a vital component for international trade and investment community. It is envisioned to facilitate business firms across the globe for trade and investments in India while simultaneously meeting India's rapidly growing appetite for new markets to enhance trade and investments.

Considering the thirst of the Nation to place India at the forefront of Global Economic Architecture, PHD Chamber of Commerce and Industry launched a specialized desk on Trade and Investment Facilitation Services (TIFS) on 31st March 2017. TIFS is an information and advisory hub to provide requisite and detailed information to facilitate national and international business firms to invest in India; advising them on prospective business opportunities in India in general and in States and promising sectors in particular.

Three role dimensions

1. **Information role:**
Serving as a key link to all information centres on all national and regional/local regulations and clearances. This includes maintaining or having direct and easy access to such information. This also means constant updating of such information.

2. **Catalyst role:**
Providing facilitative advisory services to help overcome key obstacles and strengthen key positive enablers for enhanced trade and investments. This includes providing information or "leads" on opportunities that would benefit international business community to invest in India.

3. **Networking role:**
Effective networking with relevant Indian and overseas agencies and leveraging of such networks in the direction of risk mitigation and enhancing trade and investments.

Strategic Collaborators of TIFS

TIFS work in close coordination with Trade Consulars of different countries as well as international trade and business community and international chambers of commerce. Further, for facilitating and providing information on procedural requirements, TIFS also work in close coordination with the government both at the central and the state level as well as industry associations in India.

How TIFS work in assisting investors?

It is envisaged to be the first-point-one-stop reference for potential investors from around the world. Our team of domain and functional experts provides sector-and state-specific inputs, and hand- holding support to investors. We assist with location identification, expediting regulatory approvals, facilitating meetings with relevant government and corporate officials among others.

For instance, if an investor A from Germany wants to invest USD 100 million in a textile business in India.

- A team of trained staff will be associated with the task for maintaining a physical helpdesk and provide the investor with all the help required regarding the relevant approvals to set up a business and information related to investment areas across India.
- Facility to set up meetings of the investors with Government officials for specific investor queries, both at the state government and central government level.
- Regular updates on various economic developments in India in general and sector specific in particular.
- Updates on state level developments related to policy amendments, sectoral developments, taxation mechanism, infrastructural, etc.
- Updates on Foreign Direct Investment norms, Foreign Trade Policy, etc.

TIFS undertakes the following activities

i. Through regular research and networking with Government bodies, Entrepreneurs, Industry associations, Embassies/Consulates, Investment delegations, etc., the TIFS gather information on possible trade and investment opportunities in various sectors of the Indian economy.

ii. TIFS advises prospective traders and investors, national and international, in their process of filing applications and helping them meet other procedural and regulatory requirements. For this purpose, information on specific trade and investment guidelines at the state and central level is provided by TIFS.

iii. TIFS provides information at a broad level to international investors about possible potential joint venture partners in India. If TIFS is aware of any Indian parties interested in formation of Joint Ventures (JVs) with some global partners, such information is made available to interested investors.

iv. In case of requests made by individual investors to undertake specific research assignments, financial analysis or due diligence of any specific joint venture partner or Mergers & Acquisitions (M&A) targets, TIFS provides adequate resources to carry out such requests on an agreed cost.

v. In a nutshell, TIFS increases understanding amongst national and international investors on the promising investment areas and requirements and regulations for making investments. Facilitates in dealing with the Government in application procedures amongst the national and international Investors. Reduce lead time in investment processes and procedural transactions.

For details, contact:

Dr. S P Sharma, Chief Economist | DSG

PHD Chamber of Commerce and Industry
PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110016
Ph.: + 91-11-26863801-04, 49545454; Fax: +91- 26855450, 49545451
Email: **tifs@phdcci.in** / spsharma@phdcci.in
Website: https://www.phdcci.in

2. Key Banking Developments

Key Banking Developments
RBI issues clarification on New Definition of Micro, Small and Medium Enterprises This is in reference to the circular FIDD.MSME & NFS.BC.No.12/06.02.31/2021-22 dated June 25, 2021 on 'New Definition of Micro, Small and Medium Enterprises'. 2. In this connection, we inform that Government of India, vide their Gazette Notification S.O. 278(E) dated January 19, 2022, has notified amendments in the paragraph (7) sub-paragraph (3) in the notification of Government of India, Ministry of Micro, Small and Medium Enterprises number S.O. 2119 (E), dated June 26, 2020, published in the Gazette of India. 3. In view of the above amendment, paragraph 3 of the said circular would stand modified as under: "The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs obtained till June 30, 2020 shall remain valid till March 31, 2022." 4. Further, it is clarified that the validity of documents obtained in terms of O.M. No.12(4)/ 2017-SME dated March 8, 2017 (RBI Circular FIDD.MSME & NFS.BC.No.10/06.02.31/2017-18 dated July 13, 2017), for classification of MSMEs upto June 30, 2020, are also valid upto March 31, 2022. **RBI issues Master Circular – Housing Finance** This is in reference to the Master Circular DBR.No.DIR.BC.13/08.12.001/2015-16 dated July 1, 2015 consolidating the instructions / guidelines issued to banks till June 30, 2015 relating to Housing Finance. This Master Circular consolidates instructions on the above matter issued up to February 17, 2022.

Conclusions

Overall, the Union Budget 2022-23 has provided a great push to the actual growth vehicles for long term growth trajectory of Indian economy. The budget has strengthened the vision to become AatmaNirbhar Bharat and accelerated the promotion of higher socio-economic growth and development in the country in the coming times.

At this juncture, when the economic recovery is coming back on track with declining impact of new Coronavirus variant, there is a need to continue reform momentum to provide a boost to the economy.

As the shortages of raw material, high input prices, among others, are impacting the production possibilities and anticipated sales volumes, there is a need to address the high commodity prices and shortages of raw material to support the consumption and private investments in the country.

The drivers of household consumption need to be further strengthened to enhance the aggregate demand as it will have an accelerated effect on expansion of capital investments.More and more direct benefit transfers needs to be enhanced for the urban and rural poor under the various welfare schemes of the Government to strengthen and sustain the recovery in the economic growth.

Credit disbursement should be at priority by the banking sector. The focus should be on ensuring provision of hassle-free disbursements of loans vis-à-vis enhanced liquidity for MSMEs.

The steps taken by the Central Government on Ease of Doing Business are highly laudable. However, at ground level things are immensely different. Therefore, there is a need to enhance the ease of doing business in the economy along with a great focus on reducing the costs of doing business while ensuring that the benefits percolate effectively at the ground level.

The Government has announced various meaningful and proactive reforms in the last many quarters along with a progressive Union Budget to take Indian economy to a higher trajectory. Going ahead, the effective and timely implementation of these reforms is crucial for fruitful results.

The RBI has well insulated the domestic market from global spillovers. Government's thrust on capital expenditure and exports are expected to enhance productive capacity and strengthen aggregate demand. Going ahead, banks need to continue capital augmentation activity and build buffer.

India: Statistical snapshot

Indicators	FY17	FY18	FY19	FY20	FY21	FY22
GDP at FC - Constant prices (Rscr)	12189854	13010843	14077586	1,45,69,268[1]	1,35,12,740[3]	-
GDP at FC-Constant prices growth YOY (%)	7.1	6.7	6.8	4.0[1]	(-)7.3	-
Agriculture growth	4.9	3.4	2.9	4.3[1]	3.6[3]	3.9[8]
Industry growth	5.8	5.5	6.9	0.9[2]	-	11.8[8]
Services growth	7.9	7.9	7.5	5.5[2]	-	8.2[8]
Gross Fixed Capital Formation as % of GDP	29.5	-	32.0	32.5	31.2	
Fiscal deficit as a % GDP	3.5	3.5	3.4	4.6	9.3	6.4
Merchandise exports (US$Bn)	274.64	303.5	331	313.3	290.6	38[7]
Growth in exports (%)	4.7	10.0	9	(-)5	(-)7.3	38.9[7]
Imports (US$Bn)	380.37	42.80	507	474.7	389.2	59[7]
Growth in imports (%)	(-)0.17	7.15	9	(-)7.7	(-)18	38[7]
Trade deficit (US$Bn)	46.42	13.69	176	161.4	98.6	21[7]
Net invisibles US$Bn	-	-	-	-	-	-
Current account deficit as % of GDP	0.7	1.9	2.1	(-)0.9	0.9	-
Net capital account US$Bn	14.9	-	-	-	-	-
Foreign exchange reserves US$Bn	367.9	424.36	421	447	579.3	630[4]
External debt - Short term US$Bn	88	97.6	-	106.9	-	-
External debt - Long term US$Bn	383.9	415.8	-	451.7	-	-
External debt - US$Bn	472	513.4	-	558.5	-	-
Money supply growth	6.3	9	10.9	-	-	-
Bank credit growth	7	8.2	12	6.6	5	79.2[7]
WPI inflation	1.33	2.47	4.31	1.7	1.2	13.6[7]
CPI inflation	4.5	4.28	3.4	4.8	6.1	5.6[7]
Exchange rate Rs/US$ annual average	64.39	65.04	68.37	69.86	74.2	74.40[6]

Source: PHD Research Bureau, PHD Chamber, compiled from various sources.
Notes: [1] 1st revised estimate; [2] Provisional estimates; [3] MOSPI data for FY2021; [4] data as on 28th January 2022; [5] Data pertains to September 2021; [6] data pertains to 31st January 2022; [7] Data pertains to December 2021; [8] Data pertains to projections of Economic Survey 2021-22

PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers. The Research Bureau has undertaken various policy studies for Government of India and State Governments.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
• Research Studies	• Global Economic Developments	• Economic Affairs Newsletter (EAC)	• Trade and Investment Facilitation Services (TIFS)
• State Profiles	• India's Economic Developments	• Forex and FEMA Newsletter	
• Impact Assessments	• States' Economic Developments	• Global Economic Monitor (GEM)	
• Thematic Research Reports	• International Developments	• Trade & Investment Facilitation Services (TIFS) Newsletter	
• Releases on Economic Developments	• Financial Markets	• State Development Monitor (SDM)	
	• Foreign exchange market	• Industry Development Monitor (IDM)	
	• Developments in International Trade		

Studies Undertaken by PHD Research Bureau

A: Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (April 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
31. India - USA Economic Relations (February 2015)
32. Economy on the Eve of Union Budget 2015-16 (February 2015)
33. Budget Analysis (2015-16)
34. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
35. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India’s Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth (February 2016)
41. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
42. BREXIT impact on Indian Economy (July 2016)
43. India’s Exports Outlook (August 2016)
44. Ease of Doing Business : Suggestive Measures for States (October 2016)
45. Transforming India through Make in India, Skill India and Digital India (November 2016)
46. Impact of Demonetization on Economy, Businesses and People (January 2017)
47. Economy on the eve of Budget 2017-18 (January 2017)
48. Union Budget 2017-18: A budget for all-inclusive development (January 2017)
49. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
50. Worklife Balance and Health Concerns of Women: A Survey (March 2017)
51. Special Economic Zones: Performance, Problems and Opportunities (April 2017)
52. Feasibility Study (socio-Economic Survey) of Ambala and Rohtak Districts in Haryana (March 2017)
53. Goods and Services (GST): So far (July 2017)

54. Reshaping India-Africa Trade: Dynamics and Export Potentiality of Indian Products in Africa (July 2017)
55. Industry Perspective on Bitcoins (July 2017)
56. Senior Housing: A sunrise sector in India (August 2017)
57. Current state of the economy (October 2017)
58. Equitable finance to fulfill funding requirements of Indian Economy (October 2017)
59. The Wall of Protectionism: : Rise and Rise of Protectionist Policies in the Global Arena, (November 2017)
60. India-Israel Relations: Building Bridges of Dynamic Trade(October 2017)
61. Role of Trade Infrastructure for Export Scheme (TIES) in Improving Export Competitiveness (November 2017)
62. India - China Trade Relationship: The Trade Giants of Past, Present and Future (January 2018)
63. Analysis of Trade Pattern between India and ASEAN(January 2018)
64. Union Budget 2018-19 – (February 2018)
65. Ease of Doing Work for Women: A survey of Delhi NCR (February 2018)
66. Restraining Wilful Defaults: Need of the hour for Indian Banking System (March 2018)
67. Impact of GST on Business, Industry and Exporters (April 2018)
68. India – Sri Lanka Bilateral Relations: Reinforcing trade and investment prospects (May 2018)
69. Growth Prospects of the Indian Economy: Road to US $5 Trillion Economy(May 2018)
70. India's Free Trade Agreements Dynamics and Diagnostics of Trade Prospects(May 2018)
71. India – UK Trade Relations and Societal Links: Way Forward (June 2018)
72. Rural Economy: Road to US $5 Trillion Economy(September 2018)
73. Indian Economy on the Eve of Union Budget 2019-20 (Interim): Steady…strong…fastest moving economy (January 2019)
74. Interim Budget 2019-2020: A Dynamic, Inclusive & Pragmatic Budget (February 2019)
75. Women Entrepreneurship: Transforming from Domestic Households to Financial Independence (March 2019)
76. Prospects for Exports from India: Five Pronged Strategy to Achieve USD700 Billion Merchandise Exports by 2025 (March 2019)
77. India Towards Shared Prosperity: Economic Agenda for the Next five Years (March 2019)
78. Job Creation: A Pan India Survey of Households (March 2019)
79. India Inc. Speaks Live: Wish List for the Next Five Years (May 2019)
80. Suggestive Roadmap for Revitalizing Economic Growth (June 2019)
81. Indian Economy on the Eve of Union Budget 2019-20 (July 2019)
82. Union Budget 2019-20: Road to US$ 5 trillion economy (July 2019)
83. Ease of Doing Business for MSMEs (September 2019)
84. Report Emerging contours in the defence and homeland security
85. Framework of University-Industry Linkages in Research DSIR
86. India's Trade and Investment opportunities with ASEAN Economies (November 2019)
87. Indian Economy on the Eve of Union Budget 2020-21 (February 2020)
88. Union Budget 2020-21: Aspirational, Caring and Developmental Budget (February 2020)
89. Macroeconomic Indicators and Pandemic COVID-19 Stimulus provided by Select Economies (April 2020)
90. Analysis on Relief Mesaures -Salaries wages by pandmeic COVID-19 impacted countries
91. (April 2020)
92. Report on impact of Pandemic COVID-19 by PHDCCI (April 2020)
93. Tax relief measures provided by Pandemic COVID-19 impacted Countries (April 2020)
94. Impact of Pandemic COVID-19 : PHD Chamber's detailed representation on short term and long term measures submitted to the Government (April 2020)
95. Mitigating the Impact of Pandemic COVID-19 on Trade & Industry: PHDCCI Representations to Government of India and State Governments (April 2020)
96. Compendium of various relief measures provided by the States to mitigate the impact of pandemic COVID-19 (April 2020)
97. Calibrated Approach to Exit from Lockdown (April 2020)
98. Compendium on Relief Measures provided by the Govt. under Direct &Indirect Taxes to mitigate the impact of pandemic COVID (April 2020)
99. Relief Measures provided by Ministry of Finance, Ministry of Commerce & others (April 2020)

100. Relief measures provided by various countries to mitigate the daunting impact of pandemic COVID-19 on economy, trade and industry
101. Analysis of COVID at International and Sub-national Level- Speed of Spread, Mortality and Recovery.
102. Supplement of Recent Notifications by the Central Government, State Governments and Tax Authorities to Mitigate the Impact of Pandemic COVID-19
103. PHDCCI COVID-19 Updates
104. PHDCCI Quick Survey on Post Lockdown Business Scenario May 29th 2020
105. Impact of GST on Economy and Businesses (Aug 2020)
106. India's Imports from China: Strategy for Domestic Capacity Building (Sept 2020)
107. PHDCCI Economic and Business Momentum (EBM) Index (October 2020)
108. The Future of Expanding India-USA Bilateral Relations: Strengthening bilateral ties through FTA (November 2020)
109. New Year Economics – Growth Story Continues (January 2021)
110. PHDCCI Economy GPS Index (January 2021)
111. PHD Chamber Analysis on the Union Budget 2021-22 (February 2021)
112. Analysis of State Budgets FY2021-2022 (April 2021)
113. Impact of Coronavirus 2.0 on Economy and Businesses (May 2021)
114. Achieving a higher export growth trajectory 75 potential products and 75 focused markets (September 2021)
115. PHD Chamber Analysis of Union Budget 2022-23 (February 2022)

B: State profiles

116. Rajasthan: The State Profile (April 2011)
117. Uttarakhand: The State Profile (June 2011)
118. Punjab: The State Profile (November 2011)
119. J&K: The State Profile (December 2011)
120. Uttar Pradesh: The State Profile (December 2011)
121. Bihar: The State Profile (June 2012)
122. Himachal Pradesh: The State Profile (June 2012)
123. Madhya Pradesh: The State Profile (August 2012)
124. Resurgent Bihar (April 2013)
125. Life ahead for Uttarakhand (August 2013)
126. Punjab: The State Profile (February 2014)
127. Haryana: Bolstering Industrialization (May 2015)
128. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015),
129. Suggestions for Progressive Uttar Pradesh (August 2015)
130. State profile of Telangana- The dynamic state of India (April 2016)
131. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh (August 2016)
132. Smart Infrastructure Summit 2016-Transforming Uttar Pradesh : Suggestions for the State Government (August 2016)
133. Rising Jharkhand: An Emerging Investment Hub (February 2017)
134. Punjab: Roadmap for the New Government Suggestions for the Industrial and Socio-Economic Development – Focus MSMEs ease of doing business (May 2017)
135. Prospering Himachal Pradesh: A Mountain of Opportunities (August 2017)
136. Kashmir: The way forward (February 2018)
137. Analysis of State Budgets for 2018-19: Select Sates (March 2018)
138. Rising Uttar Pradesh One District One Product Summit (August 2018)
139. Rajasthan: Steady Strides into the Future-Emerging Growth Dynamics and the Way Forward (September 2018)
140. Rising Jharkhand: Economic Profile (January 2019)
141. Rising Jharkhand: Skill Development to Spur Socio-Economic Growth (January 2019)
142. Progressive Haryana: Economic Profile (February 2019)
143. Progressive Haryana: The Agricultural Hub of India (February 2019)
144. Progressive Haryana Steady Growth Strides into the Future (June 2020)
145. Progressive Haryana Steady Growth Strides into the Future (June 2020)
146. States' Policy Conclave 2021: Role of States (December 2021)

PHD CHAMBER
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About PHDCCI

PHD Chamber of Commerce and Industry (PHDCCI) has been working as a catalyst for the promotion of Indian industry, trade and entrepreneurship for the past 116 years. It is a forward looking, proactive and dynamic PAN-India apex organization. As a partner in progress with industry and government, PHDCCI works at the grass roots level with strong national and international linkages for propelling progress, harmony and integrated development of the Indian economy.

PHDCCI, acting as the "Voice of Industry & Trade" with a large membership base of 1,50,000 direct and indirect members consisting of large, medium and small industries, has forged ahead leveraging its legacy with the industry knowledge across multiple sectors to take Indian Economy to the next level.

At the global level, we have been working with the Embassies and High Commissions in India and overseas to bring in the International Best Practices and Business Opportunities.

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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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