PHD CHAMBER
OF COMMERCE AND INDUSTRY

Economic Affairs Committee Newsletter

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

PHD RESEARCH BUREAU
PHD CHAMBER OF COMMERCE AND INDUSTRY

Economic Affairs Committee Newsletter

(April 2022)

Introduction

Economy is consistently paving way towards higher growth trajectory, indicated by the noteworthy, strong and sustained performance of the key economic indicators in recent months. Rural resilience and pent-up of demand activity supported the economic activity and rejuvenated it from the extreme lows caused by daunting impact of COVID-19 in 2020-21.

Though recent geo-political developments can have some impact on Indian economy through the increase in raw material prices vis-à-vis imports of crude oil, depreciating rupee and increasing inflation, the other channels such as exports and finance will not face any major impact as India’s exports towards Russia and Ukraine are not that much strong; India’s total exports to Russia and Ukraine are less than USD 3 billion in a year.

Amid external developments of last 2 months, RBI has revised the projection for GDP growth for FY 2022-23 from earlier 7.8% to 7.2%, while the RBI’s view on CPI inflation forecast for FY 2022-23 is revised upwards from 4.5% to 5.7%. However, it is inspiring to note that India has strong buffers, including large foreign exchange reserves, significant improvement in external sector indicators and strengthened financial sector, to sustain the country’s economic recovery and growth.

Further, the growth forecasts for India by various prestigious organizations are promising. The plethora of structural reforms undertaken during the last two years have not only rejuvenated the Indian economy from the daunting impact of coronavirus but also strengthened the economic fundamentals to cope up the recent geo- political developments.

Recently, the Reserve Bank of India's Monetary Policy Committee decided to maintain the status quo and accommodative stance, which are welcome steps. These decisions are well in line with the PHD Chamber’s expectations and will strengthen the business and consumer sentiments as well as the economic recovery. RBI’s MPC in its first Monetary Policy Statement of FY 2022-23 has decided to keep the repo rate unchanged at 4% and remain accommodative, while focusing on withdrawal of accommodation so that inflation is maintained within the target while supporting on growth.

Going ahead, the pace of economic activity is expected to remain strong on the back of invigorated by unrelenting support by the Government and Industry. India has to focus more on recovery and strengthening of the economy. Although recovery process is strong, the challenges need to be addressed with the calibrated policy environment.

Economic Affairs Committee

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1. Indian Economy so Far

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

- The Monetary Policy Committee (MPC) met on 6th, 7th and 8th April 2022. On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (April 8, 2022) decided to:

- Keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent.

- The marginal standing facility (MSF) rate and the Bank Rate remain unchanged at 4.25 per cent. The standing deposit facility (SDF) rate, which will now be the floor of the LAF corridor, will be at 3.75 per cent.

- The MPC also decided to remain accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

- These decisions are in consonance with the objective of achieving the medium term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

- Since the MPC's meeting in February 2022, the global economic and financial environment has worsened with the escalation of geopolitical conflict and accompanying sanctions. Commodity prices have shot up substantially across the board amidst heightened volatility, with adverse fallouts on net commodity importers. Financial markets have exhibited increased volatility. Crude oil prices jumped to 14- year high in early March; despite some correction, they remain volatile at elevated levels. Supply chain pressures, which were set to ease, are rising again. The broadbased jump in global commodity prices has exacerbated inflationary pressures across advanced economies (AEs) and emerging market economies (EMEs) alike causing a sharp revision in their inflation projections. The global composite purchasing managers' index (PMI) eased to 52.7 in March from 53.5 in February with output growth slowing in both manufacturing and services sectors. World merchandise trade momentum has weakened.

- Looking ahead, the inflation trajectory will depend critically upon the evolving geopolitical situation and its impact on global commodity prices and logistics. On food prices, domestic prices of cereals have registered increases in sympathy with international prices, though record foodgrains production and buffer stock levels should prevent a major flare up in domestic prices. Elevated global price pressures in key food items such as edible oils, and in animal and poultry feed due to global supply shortages impart high uncertainty to the food price outlook, warranting continuous monitoring.

- The average crude oil price (Indian basket) of US$ 100 per barrel, inflation is now projected at 5.7 per cent in 2022-23, with Q1 at 6.3 per cent; Q2 at 5.8 per cent; Q3 at 5.4 per cent; and Q4 at 5.1 per cent.

- The real GDP growth for 2022-23 is now projected at 7.2 per cent, with Q1 at 16.2 per cent; Q2 at 6.2 per cent; Q3 at 4.1 per cent; and Q4 at 4.0 per cent, with risks broadly balanced.

- The MPC is of the view that since the February meeting, the ratcheting up of geopolitical tensions, generalised hardening of global commodity prices, the likelihood of prolonged supply chain disruptions, dislocations in trade and capital flows, divergent monetary policy responses and volatility in global financial markets are imparting sizeable upside risks to the inflation trajectory and downside risks to domestic growth.

2. Asian Development Outlook 2022: India's GDP growth estimated at 8.9% for FY 2022, projected at 7.5% for FY 2023 and 8% for FY 2024

According to Asian Development Outlook 2022, April 2022, the Russian invasion of Ukraine has upended the global economic outlook and greatly amplified uncertainty for a world economy still contending with COVID-19. The war's outbreak in late February severely disrupted global economic conditions. Shockwaves have been felt in financial and commodity markets, and energy and food prices have spiked sharply and threaten to remain elevated or rise further. The highly uncertain outcome of the invasion is an additional hurdle for developing Asia's economies, many of which are still grappling with COVID-19.

Developing Asia's economy rebounded by 6.9% in 2021, but the recovery is still largely incomplete in most of the region. Expansion in the Caucasus and Central Asia, supported by higher commodity prices, nevertheless left gross domestic product (GDP) at 4% below its pre-pandemic trend. In South Asia, the gap remained at about 8%, despite strong growth led by a surge in consumption and investment in India. Southeast Asia's gap was 10% and the Pacific's 12%. The recovery in these subregions was delayed by severe pandemic-containment restrictions on domestic activity and international travel, which especially hampered tourism-dependent economies. East Asia bucked the trend on buoyant external demand; its gap was just 1% below the pre-pandemic trend.

<u>Outlook for Asia</u>

GDP growth in developing Asia is expected to stay strong, at 5.2% in 2022 and 5.3% in 2023. The pace of the recovery, however, varies across subregions. But in general, regional growth is being supported by a robust recovery in domestic demand in economies that are continuing to catch up with their pre-pandemic trend, particularly in South Asia. Here growth will remain strong in 2022 at a forecast 7.0%, accelerating to 7.4% in 2023. East Asia converged to its pre-pandemic trend in 2021 and growth rates are expected to normalize to 4.7% in 2022 and 4.5% in 2023. Growth rates in the other subregions will return to their pre-pandemic averages this year or next.

Inflation in developing Asia stayed below the global trend in 2021, but is expected to rise. Because of relatively low food inflation, less severe supply disruptions, and the incomplete recovery, regional inflation remained moderate at 2.5% last year. Price pressures were less broad-based than in advanced economies, including the US where inflation averaged 4.3%, and emerging economies in Latin America and the Caribbean, and Sub-Saharan Africa, where prices increased by 9.3% and 10.7%, respectively. Inflation in developing Asia this year and next will be driven by continuing recovery and elevated energy and commodity prices.

The regional inflation rate is forecast to rise to 3.7% in 2022, before dipping to 3.1% in 2023. Headline inflation is expected to accelerate in all subregions but the Caucasus and Central Asia. Monetary authorities should keep a close watch for incipient inflationary pressures. Developing Asia's current account surplus is forecast to narrow from 1.3% of GDP in 2021 to 0.9% this year and inch up to 1.0% in 2023. Export volumes from the PRC stabilized last year, but continued to rise in the rest of the region to reach 18% above pre-pandemic levels in December.

Over the forecast horizon, slower growth rates and a shift in consumption back toward services in advanced economies will temper demand for developing Asia's exports, while imports will rise as economies recover. East Asia's current account surpluses will continue to shrink, while deficits will widen in South Asia. Commodity-exporting economies, such as those in the Caucasus and Central Asia, will mostly see current accounts improving this year. Several downside risks cloud developing Asia's outlook.

Escalating global geopolitical tensions arising from the Russian invasion of Ukraine could spill over to the region, particularly via sharper-than-expected increases in commodity prices and heightened financial stability risks, as discussed in this report's Special Topic on the economic impact of the war. Aggressive monetary policy tightening in the US may trigger financial market volatility, rapid capital outflows, and sharp currency depreciations. COVID-19 remains a threat, as more deadly variants could still emerge, and the PRC's current Omicron outbreaks could jeopardize regional growth and supply chains. In the medium-term, scarring from the pandemic poses significant risks, including learning losses from continued school closures that could further exacerbate economic inequality, as highlighted in the Special Topic on the effects of COVID-19 school closures.

Outlook for India

Growth in India is forecasted at 7.5% for FY2022-23 and 8.0% in FY2023-24, driven by strong investment growth over the forecast horizon. The economy rebounded strongly in fiscal 2021 following a contraction in fiscal 2020. Easing supply chain disruptions softened inflation, despite rising global oil prices, and rising domestic demand turned the current account surplus into a deficit. Growth will moderate in fiscal 2022, but remain strong, buoyed by investment.

Inflation will accelerate and the current account deficit widen due to the surge in global oil prices. Improving the domestic resource mobilization of the states is a key policy challenge for sustained and inclusive growth. The Indian economy recovered in fiscal year 2021 (FY2021, ended 31 March 2022) after a severe contraction in FY2020. The recovery was despite two waves of COVID-19, especially of the Delta variant, which severely strained the country's health infrastructure. GDP is forecast to grow by 8.9% in FY2021 based on available data up to the third quarter (Q3, October–December) and in some instances beyond. The economic impact of the Delta variant hit services hard in Q1, but the sector rebounded in Q2 and Q3 as COVID-19 subsided.

Trade, hotels, and transport services were the initial drivers of services growth in Q2 and financial, real estate, and professional services picked up strongly in Q3. In these quarters, industry growth was supported mainly by construction, the country's largest employer after agriculture, and manufacturing. Agricultural production was stable. With the spread of Omicron variant, new COVID-19 cases started surging in the first week of January 2022, peaking at some 500,000 cases by the 14th. Cases have since declined. No nationwide lockdown was imposed in FY2021, although several states imposed weekend and night curfews, and closed restaurants and bars. The impact of these restrictions, coupled with the geopolitical fallout from the Russian invasion of Ukraine, may marginally lower growth in the last quarter (January–March) of the current fiscal year.

3. OECD estimates India's GDP growth rate at 9.4% in FY2022 and projects growth at 8.1% in FY2023 & 5.5% in FY 2024

According to OECD Economic Outlook for Southeast Asia, China and India 2022 (March 2022), Emerging Asia is expected to continue its rebound in 2022. However, there remains a high degree of uncertainty in the first half of the year. Overall, Emerging Asian economies are expected to grow by 5.8% on average in 2022 and by 5.2% in 2023. Meanwhile, the economic growth in the Association of Southeast Asian Nations (ASEAN) is projected to increase by 5.2% in 2022, followed by a 5.2% expansion in 2023. However, there remain some substantial differences among Emerging Asian countries in terms of the pace of the recovery.

Outlook for India

In India, the period from April-June 2021 saw a steep contraction in activity on the back of a severe wave of COVID-19. Subsequently, new COVID-19 cases rose to multi-month highs in early January 2022, fuelled by the Omicron variant. Overall, real GDP is projected to grow by 8.1% in FY2023 and by 5.5% in FY2024. On the upside, budget measures for the 2022 fiscal year, including higher infrastructure spending, could support the post-pandemic recovery.

4. Signing of India -Australia Economic Cooperation and Trade Agreement (ECTA)

- The signing of India -Australia Economic Cooperation and Trade Agreement (ECTA) in a short time span reflects the depth of the mutual confidence between the two countries, said Hon'ble Prime Minister Shri Narendra Modi.

- Shri Modi underlined the huge potential that exists in the two economies to fulfil the needs of each other and this agreement will enable the two countries to fully leverage these opportunities. "This is a watershed moment for our bilateral relations", he emphasized. The Prime Minister said "On the basis of this agreement, together, we will be able to increase the resilience of supply chains, and also contribute to the stability of the Indo-Pacific region.

- The India-Australia Economic Cooperation and Trade Agreement ("IndAus ECTA") was signed by Shri Piyush Goyal, Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Government of India and Mr. Dan Tehan, the Minister for Trade, Tourism and Investment, Government of Australia in a virtual ceremony, in the presence of Prime Minister of India, Shri. Narendra Modi and the Prime Minister of Australia, Mr. Scott Morrison today.

- India and Australia are natural partners, connected by shared values of democracy, rule of law &

transparency apart from our shared love for Cricket, Food & Movies, Shri Goyal said Ind-Aus ECTA is expected to almost double bilateral trade to about $ 50 Billion in five years. He said there is great potential for Indian exports in sectors like textiles & apparels, leather, hospitality, gems & jewellery, engg. goods & pharma, IT, Startups etc.

- Australia has committed key areas of India's interest in Services like Education, IT, Business, Professional Services, Health & Audio-visual while Australia will also provide Post-study work visas for students, quota for Chefs & Yoga instructors and Work & Holiday visa for young professionals.

- Ind-Aus ECTA covers the entire gamut of the trade & commercial relations, removing trade barriers & opening a plethora of opportunities in both goods & services. Expected that with ECTA, the present bilateral trade for merchandise & services of $ 27.5 bn (2021), may reach a level of about $ 45 to $ 50 Billion in next 5 years.

- It is expected to create new employment opportunities, raise living standards & enhance the overall welfare of the peoples of both the countries. Additional employment generation is expected to be 10 lakhs within the next 5 years.

In services, Australia has offered 135 sub-sectors to India, while India offered 103 sub-sectors to Australia. Key areas of India's interest like Education, IT, Business, Professional Services, Health, Audio-visual have been committed by Australia under ECTA. Australia will also be providing Post-study work visas for students, quota for Chefs & Yoga instructors and Work & Holiday visa for young professionals.

5. NITI Aayog Releases Second Edition of Export Preparedness Index 2021

NITI Aayog in partnership with the Institute of Competitiveness released the Export Preparedness Index (EPI) 2021.

The report is a comprehensive analysis of India's export achievements. The index can be used by states and union territories (UTs) to benchmark their performance against their peers and analyse potential challenges to develop better policy mechanisms to foster export-led growth at the subnational level.

The Export Preparedness Index is a data-driven endeavour to identify the fundamental areas critical for subnational export promotion.

The EPI ranks states and UTs on 4 main pillars—Policy; Business Ecosystem; Export Ecosystem; Export Performance—and 11 sub-pillars—Export Promotion Policy; Institutional Framework; Business Environment; Infrastructure; Transport Connectivity; Access to Finance; Export Infrastructure; Trade Support; R&D Infrastructure; Export Diversification; and Growth Orientation.

This edition has shown that most of the 'Coastal States' are the best performers, with Gujarat as the top-performer.

EPI 2021 brings out three major challenges to India's export promotion. These are intra- and inter-regional differences in export infrastructure; weak trade support and growth orientation across states; and lack of R&D infrastructure to promote complex and unique exports.

The EPI's primary goal is to instil competition among all Indian states ('Coastal', 'Landlocked', 'Himalayan', and 'UTs/City-States') to bring about favourable export-promotion policies, ease the regulatory framework to prompt subnational export promotion, create the necessary infrastructure for exports, and assist in identifying strategic recommendations for improving export competitiveness. It promotes competitive federalism and a fair contest among States/UTs.

Framework:

The 4 pillars and the rationale behind their selection is given below:

1. **Policy:** A comprehensive trade policy provides a strategic direction for exports and imports.
2. **Business Ecosystem:** An efficient business ecosystem can help attract investments and create an enabling infrastructure for businesses to grow.
3. **Export Ecosystem:** This pillar aims to assess the business environment, which is specific to exports.
4. **Export Performance:** This is the only output-based pillar and examines the reach of export footprints of states and union territories.

State	Overall Rank	State Category
Gujarat	1	Coastal
Maharashtra	2	Coastal
Karnataka	3	Coastal
Tamil Nadu	4	Coastal
Haryana	5	Landlocked
Uttar Pradesh	6	Landlocked
Madhya Pradesh	7	Landlocked
Punjab	8	Landlocked
Andhra Pradesh	9	Coastal
Telangana	10	Landlocked
Rajasthan	11	Landlocked
Delhi	12	UT/City States
Odisha	13	Coastal
Goa	14	UT/City States
Assam	15	Landlocked
Kerala	16	Coastal
Uttarakhand	17	Himalayan
Himachal Pradesh	18	Himalayan
West Bengal	19	Coastal
Jharkhand	20	Landlocked
Chhattisgarh	21	Landlocked

Bihar	22	Landlocked
Jammu and Kashmir	23	UT/City State
Chandigarh	24	UT/City States
Tripura	25	Himalayan
Sikkim	26	Himalayan
Puducherry	27	UT/City States
Dadra Nagar and Haveli & Daman and Diu	28	UT/City States
Manipur	29	Himalayan
Andaman and Nicobar Islands	30	UT/City States
Nagaland	31	Himalayan
Meghalaya	32	Himalayan
Ladakh	33	UT/City States
Mizoram	34	Himalayan
Arunachal Pradesh	35	Himalayan
Lakshadweep	36	UT/City States

Source: PHD Research Bureau, PHD Chamber, compiled from NITI Aayog report on Export Preparedness Index 2021

6. Ministry of Finance releases Quarterly Report on Public Debt Management, October-December 2021

Since Apr-June (Q1) 2010-11, the Public Debt Management Cell (PDMC) (earlier Middle Office), Budget Division, Department of Economic Affairs, Ministry of Finance has been bringing out a quarterly report on public debt management on a regular basis. This report pertains to the Q3 of the fiscal year 2021-22, viz., October - December 2021.

As per the estimates of Gross Domestic Product (GDP) for the third quarter, (October-December) of 2021-22, released by the National Statistical Office (NSO) on 28th February, 2022, the growth rate in GDP at constant prices was estimated at 5.4 per cent during the third quarter of 2021-22 as compared to growth of 0.7 percent in Q3 2020-21. GDP at current prices in the year Q3 2021-22 is estimated at ₹ 63.03 lakh crore, as against ₹ 54.49 lakh crore in Q3 2020-21, showing a growth of 15.7 percent as compared to growth of 6.2 percent in Q3 2020-21. GVA at basic Price at current prices in Q3 2021- 22, is estimated at ₹ 56.87 lakh crore, as against ₹ 49.17 lakh crore in Q3 2020-21, showing a growth of 15.6 percent.

Retail inflation, as per the Headline Consumer Price Index (CPI), increased from 4.48 per cent in October 2021 to 5.66 per cent in December 2021, which further increased to 6.01 per cent in January 2022. The increase in retail inflation was mainly on account of increase in fuel and light inflation. The Consumer Food Price Index (CFPI) showed a similar downward movement, from 0.85 per cent in October 2021 to 4.05 percent in December 2021. However, in January 2022, CFPI increased to 5.43 percent. The Wholesale Price Index (WPI)-based inflation declined during the quarter from 13.83 percent in October 2021 to 13.56 percent in December 2021. The lower

WPI inflation was largely due to fall in fuel and power inflation. The WPI inflation decreased to 12.96 percent in January2022.

The gross fiscal deficit (FD) of the Central Government for FY 2021-22 was budgeted at ₹15,06,812 crore or 6.8 per cent of GDP as compared to the revised estimate of ₹15,91,089 crore (6.9 per cent of GDP) for FY 2021-22.

Gross and net market borrowings have been budgeted at ₹12,05,500.00 crore and ₹9,17,707.72 crore, respectively for FY 2021-22. Gross and net market borrowing during FY 2020-21 and Q3 FY 21 & Q3 FY 22.

Total liabilities (including liabilities under the 'Public Account') of the Government, as per provisional data, increased to ₹1,28,41,996.46 crore at end-December 2021 from ₹1,25,71,747.71 crore at end-September 2021 (Table 4.1). This represented a quarter-onquarter increase of 2.15 per cent in Q3 FY22. Public debt accounted for 91.60 per cent of total outstanding liabilities at end-December 2021 from 91.15 per cent at end-September 2021.

7. January 2022 IIP growth stands at 1.3%

Growth in industry output, as measured in terms of IIP, for the month of January 2022 stands at 1.3% as compared to 0.72% in December 2021. IIP growth in January 2021 stood at (-)0.6%.

The growth in the three sectors mining, manufacturing and electricity in January 2022 stands at around 2.8%, 1.1%, 0.9%, respectively over January 2021. Primary goods growth stands at around 1.6%, capital goods at (-)1.4%, intermediate goods at 0.9%, infrastructure/construction goods at 5.4%, consumer durables at (-)3.3% and consumer non-durables growth at 2.1% during January 2022 as compared to same month previous year.

Recent growth pattern in IIP (% growth)

	Weight in IIP	April-January 2020-21	April-January 2021-22	December 2021	January 2022
Mining	14.3	(-)9.9	14.2	2.5	2.8
Manufacturing	77.6	(-)13.4	14.3	0.2	1.1
Electricity	7.9	(-)2.7	8.5	2.8	0.9
Primary goods	34.0	(-)8.8	10.6	2.8	1.6
Capital goods	8.2	(-)25.5	20.8	(-)3.7	(-)1.4
Intermediate goods	17.2	(-)12.8	18.3	0.5	0.9
Infrastructure/construction goods	12.3	(-)13.0	21.6	2.05	5.4
Consumer durables	12.8	(-)22.0	17.5	(-)2.6	(-)3.3
Consumer non-durables	15.3	(-)4.6	5.1	(-)0.1	2.1
Overall IIP	**100**	(-)12	13.7	0.7	**1.3**

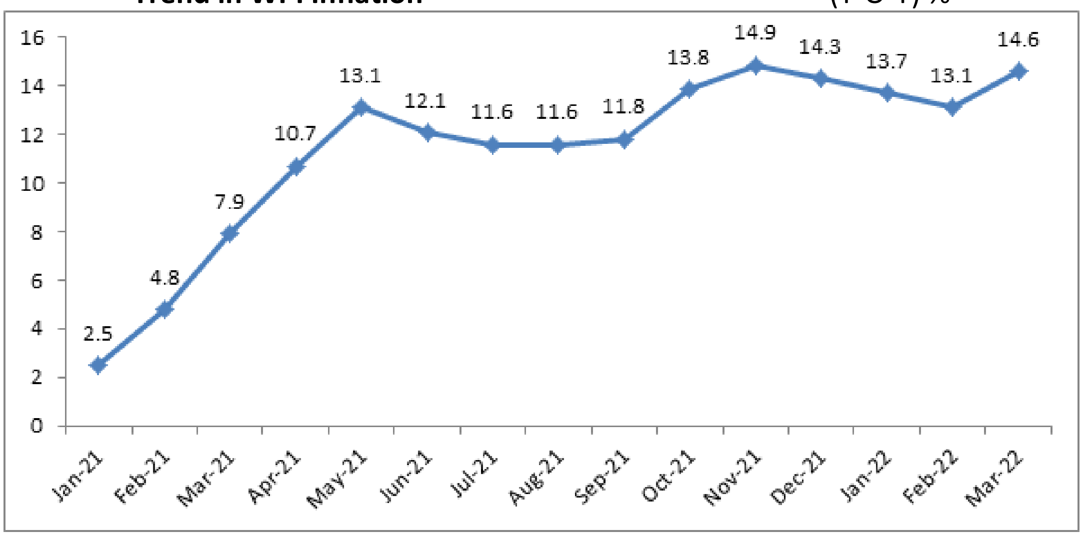
Source: PHD Research Bureau, PHD Chamber, compiled from CSO

8. February 2022 Fiscal Deficit stands at 82.7% of actuals to REs
The gross fiscal deficit of the Central Government stands at 82.7% of the actuals to revised estimates (REs) in February 2022 as compared to 76.0% of the actuals to revised estimates in the corresponding period of the previous year. The primary deficit and revenue deficit stands at 83.1% and 79.7% respectively, of the actuals to revised estimates in February 2022 as compared to 73.2% and 71.6% respectively, of the actuals to revised estimates in the corresponding period of the previous year.

9. WPI inflation stands at 14.6% in March 2022

The annual rate of Wholesale Price Index (WPI) inflation stands at 14.6% (Provisional) for the month of March 2022 as compared to 13.1% (Provisional) for the month of February 2022 and 13.68% in January 202. The WPI inflation stood at 7.9% in March 2021. The high rate of inflation in March, 2022 is primarily due to rise in prices of mineral oils, crude petroleum & natural gas, basic metals, etc owing to disruption in global supply chain caused by Russia-Ukraine conflict 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			
		Jan-22	Feb-22	Mar-22	Change in March 2022 as Compared to Previous Month
1	**All Commodities**	13.7	13.1	14.6	↑
2	**Primary Articles**	15.6	13.4	15.5	↑
3	**Food Articles**	10.4	8.2	8.1	↓
4	**Cereals**	5.5	6.1	8.1	↑
5	**Vegetables**	38.3	26.9	19.9	↓
6	**Non-food Articles**	20.5	24.2	25.4	↑
7	**Crude Petroleum &**	55.4	46.1	69.2	↑

	Natural gas				
8	Fuel & Power	34.4	31.5	34.5	↑
9	Petrol	66.6	58.3	53.4	↓
10	Manufactured Products	9.5	9.8	10.7	↑

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

10. CPI inflation rises to 6.95% in March 2022

The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI) is releasing All India Consumer Price Index (CPI) on Base 2012=100 and corresponding Consumer Food Price Index (CFPI) for Rural (R), Urban (U) and Combined (C) for the month of March 2022 (Provisional) in this press note. CPIs for Sub-Groups and Groups for both All India and all States/UTs are also being released.

The CPI inflation rises to 6.95% (prov.) in March 2022 as compared to the 6.1% (final) in February 2022. The CPI inflation for rural and urban for the month of March 2022 is 7.7% and 6.1% respectively. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e. March 2022 over March 2021), based on General Indices and CFPIs are given as follows:

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

Indices	March 2022 (Prov.)			February 2022 (Final)		
	Rural	Urban	Combined	Rural	Urban	Combined
CPI (General)	7.66	6.12	6.95	6.38	5.75	6.07
CFPI	8.04	7.04	7.68	5.81	5.76	5.85

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 March 2022, NSO collected prices from 99.9 % villages and 98.3% urban Markets while the Market-wise prices reported therein were 90.2% for rural and 93.2% for urban.

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

Category	All India Consumer Price Indices and year-on-year Inflation rates (%) for February, 2022 (Provisional)					
	Rural		Urban		Combined	
	March, 2022 Index (Prov.)	Inflation Rate (%)	March, 2022 (Prov.)	Inflation Rate (%)	March, 2022 Index (Prov.)	Inflation Rate (%)
Food and Beverages	166.6	7.8	171.5	6.9	168.4	7.5

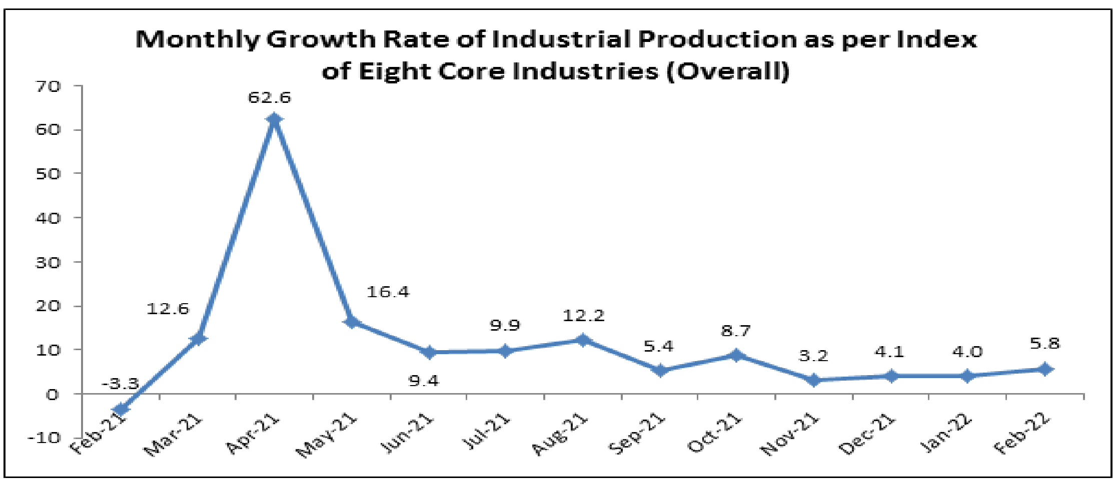
Pan, tobacco and intoxicants	192.3	3.3	197.6	2.1	193.7	2.9
Clothing and Footwear	175.1	10.2	164.9	8.1	171.1	9.4
Housing	-	-	165.3	3.4	165.3	3.4
Fuel and Light	168.9	8.3	164.5	6.3	167.2	7.5
Miscellaneous	168.3	6.9	160.6	7.1	164.6	7.02
General Index (All Groups)	168.7	7.6	166.5	6.1	167.7	6.9

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

11. February 2022 Core infra growth stands at 5.8%

The core infrastructure growth stands at 5.8% in February 2022 as compared to 4.0% in January 2022, 4.1% in December 2021, 3.2% in November 2021, 8.7% in October 2021, 5.4% in September 2021 and 12.2% in August 2021. The core infrastructure growth stood at (-)3.3% in February 2021. The cumulative growth of core infrastructure during April-February 2021-22 stands at 11.0% as compared to (-)8.1% in April- February 2020-21.

The y-o-y growth rate of Coal stands at 6.6%, crude oil at (-)2.2%, Natural Gas at 12.5%, Refinery Products at 8.8%, Fertilizers at (-)1.4%, Steel at 5.7%, Cement at 5.0% and Electricity at 4.0% in February 2022 as compared to January 2022 y-o-y figures of Coal at 8.2%, crude oil at (-)2.4%, Natural Gas at 11.7%, Refinery Products at 3.7%, Fertilizers at (-)2.0%, Steel at 3.7%, Cement at 14.3% and Electricity at 0.9%.



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

12. Merchandise exports exhibited a positive growth of 19.8% in March 2022

EXPORTS- Merchandise exports in March 2022 were USD 42.22 Billion, as compared to USD 35.26 Billion in March 2021, exhibiting a positive growth of 19.76 per cent. As compared to March 2020, exports in March 2022 exhibited a positive growth of 96.48per cent.

IMPORTS- Merchandise imports in March 2022 were USD 60.74 Billion, which is an increase of 24.21 per cent over imports of USD48.90 Billion in March 2021. Imports in March 2022 have registered a positive growth of 93.00 per cent in comparison to March 2020.

India's Merchandise Trade Statistics at a Glance

Merchandise	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Exports (USD billion)	31	32	33	35	33	34	36	30	38	35	35	42
Export Growth (%)	196	69	48	49	46	23	43	27	39	25	25	20
Imports (USD billion)	46	39	42	46	47	57	55	53	59	52	55	61
Import Growth (%)	167	74	98	63	52	85	63	57	39	24	36	24
Trade Balance (USD billion)	-15	-7	-9	-11	-14	-23	-19	-23	-22	-17	-20	-19

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

13. Service exports registered a growth 25.9% in February 2022

EXPORTS- The estimated value of services export for March 2022* is USD 22.52 Billion, exhibiting a positive growth of 8.31 per cent vis-a-vis March 2021 (USD 20.80 Billion) and a positive growth of 28.25 per cent vis-à-vis March 2020 (USD 17.56Billion).

IMPORTS- The estimated value of services import for March 2022* is USD 13.16 Billion exhibiting a positive growth of 7.33 per cent vis-à-vis March 2021 (USD 12.26 Billion) and a positive growth of 30.46 per cent vis-à-vis March 2020 (USD 10.09Billion).

Trade in Services at a Glance

Services	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
Exports (Receipts) (USD billion)	18	20	18	17	19	18	20	21	20	20	27	22	22
Imports (Payments) (USD billion)	11	13	10	10	11	11	12	13	12	13	16	14	13
Trade Balance (USD billion)	7	7	8	7	8	7	8	8	8	7	11	8	9

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

14. Gross Bank Credit growth stands at 7.9% in February 2022
Gross bank credit growth (year-on-year) stands at 7.9% in February 2022 as compared to 6.6% in February 2021. Gross bank credit y-o-y growth stood at 8.2% in January 2022. **<u>Highlights:</u>** • On a year-on-year (y-o-y) basis, non-food bank credit registered a growth of 8.0 per cent in February 2022 as compared to 6.6 per cent a year ago. • Credit to agriculture and allied activities continued to perform well, registering an accelerated growth of 10.4 per cent in February 2022 as compared to 8.6 per cent in February 2021. • Credit growth to industry accelerated to 6.5 per cent in February 2022 from 1.0 per cent in February 2021. Size-wise, credit to medium industries registered high growth of 71.4 per cent in February 2022 as compared to 30.6 per cent last year. Credit growth to micro and small industries accelerated to 19.9 per cent from 3.1 per cent and credit to large industries recorded a marginal growth of 0.5 per cent against a contraction of 0.6 per cent during the same period. • Within industry, credit growth to 'all engineering', 'chemicals & chemical products', 'food processing', 'infrastructure', 'leather & leather products', 'mining and quarrying', 'petroleum, coal products & nuclear fuels' and 'rubber plastic & their products' accelerated in February 2022 as compared to the corresponding month of the previous year. However, credit growth to 'basic metal & metal products', 'beverage and tobacco', 'cement & cement products', 'construction', 'glass & glassware', 'gems & jewellery', 'paper & paper products', 'textile', 'vehicles, vehicle parts & transport equipment' and 'wood & wood products' decelerated/contracted. • Credit growth to services sector stood at 5.6 per cent in February 2022 as compared to 8.8 per cent a year ago. Within services, credit growth to NBFCs improved significantly to 14.6 per cent in February 2022 from 7 per cent a year ago. • Personal loans segment continued to expand at a robust rate and grew by 12.3 per cent in February 2022 from 9.6 per cent in February 2021, driven primarily by housing loans and vehicle loans.

15. India's current account deficit (CAD) increased to US$ 23.0 billion (2.7% of GDP) in Q3 2021-22
Key Features of India's BoP in Q2:2021-22 <u>India's current account deficit (CAD) increased to US$ 23.0 billion (2.7% of GDP) in Q3:2021-22 from US$ 9.9 billion (1.3% of GDP) in Q2:2021-22 and US$ 2.2 billion (0.3% of GDP) a year ago [i.e., Q3:2020-21].</u> <u>The widening of CAD in Q3:2021-22 was mainly on account of higher trade deficit.</u> Net services receipts increased, both sequentially and on a year-on-year (y-o-y) basis, on the back of robust performance of net exports of computer and business services.

Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US$ 23.4 billion, an increase of 13.1 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$ 5.1 billion, lower than US$ 17.4 billion a year ago.

Portfolio investment recorded net outflow of US$ 5.8 billion as against an inflow of US$ 21.2 billion in Q3:2020-21. Net external commercial borrowings to India recorded outflow of US$ 0.2 billion in Q3:2021-22 as compared with US$ 1.6 billion a year ago. Non-resident deposits recorded net inflow of US$ 1.3 billion as compared with US$ 3.0 billion in Q3:2020-21. There was an accretion of US$ 0.5 billion to the foreign exchange reserves (on a BoP basis) as compared with US$ 32.5 billion in Q3:2020-21

BoP during April-December 2021

India recorded a current account deficit of 1.2% of GDP in April-December 2021 as against a surplus of 1.7% in April-December 2020 on the back of a sharp increase in the trade deficit. Net invisible receipts were higher in April-December 2021, on account of higher net receipts of services and private transfers.

Net FDI inflows at US$ 26.5 billion in April-December 2021 were lower than US$ 41.3 billion in April-December 2020. Portfolio investment recorded net outflow of US$ 1.6 billion during April-December 2021 as against an inflow of US$ 28.9 billion a year ago. In April-December 2021, there was an accretion of US$ 63.5 billion to the foreign exchange reserves (on a BoP basis).

16. India's external debt stands at USD 614.9 billion at end December 2021

At end-December 2021, India's external debt was placed at US$ 614.9 billion, recording an increase of US$ 11.5 billion over its level at end-September 2021. The external debt to GDP ratio fell marginally to 20.0 per cent as at end- December 2021 from 20.3 per cent at end-September 2021. Valuation gain due to the appreciation of the US dollar vis-à-vis major currencies such as Euro, Yen and Special Drawing Rights (SDRs) was placed at US$ 1.7 billion. Excluding the valuation effect, the increase in external debt would have been US$ 13.2 billion instead of an increase of US$ 11.5 billion at end- December 2021 over end September 2021.

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

- Commercial borrowings remained the largest component of external debt, with a share of 36.8 per cent, followed by non-resident deposits (23.1 per cent) and short-term trade credit (18.0 per cent).

- At end-September 2021, long-term debt (with original maturity of above one year) was placed at US$ 500.3 billion, recording an increase of US$ 1.7 billion over its level at end- September 2021.

- The share of short-term debt (with original maturity of up to one year) in total external debt increased to 18.6 per cent at end- December 2021 from 17.4 per cent at endSeptember 2021; the ratio of short-term debt (original maturity) to foreign exchange reserves increased to 18.1 cent at end-December 2021

(16.5 per cent at end-September 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 44.4 per cent of total external debt as at end-December 2021 (43.2 per cent at end-September 2021) and stood at 43.1 per cent of foreign exchange reserves (40.3 per cent at end-September 2021).

• US dollar denominated debt remained the largest component of India's external debt, with a share of 52.0 per cent at end-December 2021, followed by the Indian rupee (32.0 per cent), SDR (6.7 per cent), Yen (5.3 per cent), and the Euro (3.1 per cent).

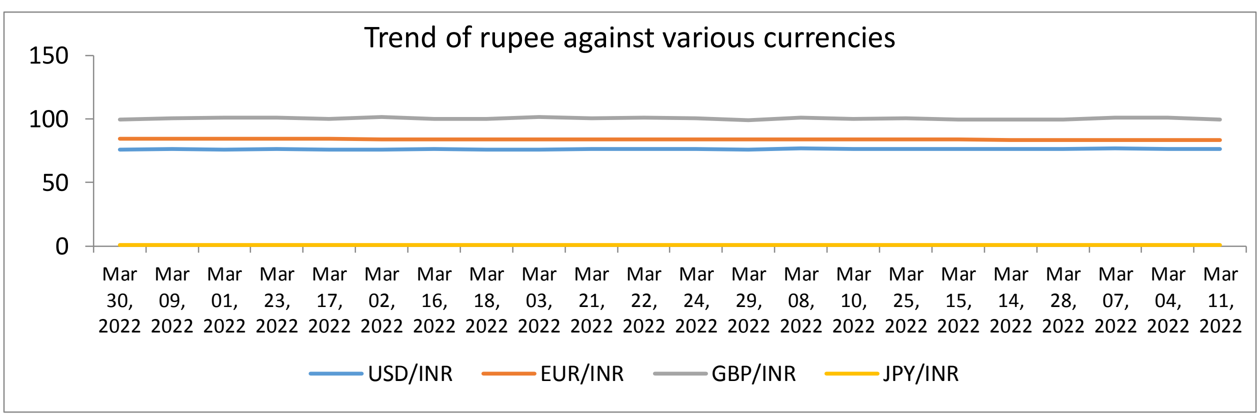
• The borrower-wise classification shows that the outstanding external debt of government marginally declined, while that of non-government sector increased as at end-December 2021 over the previous quarter.

• The share of outstanding debt of non-financial corporations in total external debt was highest at 39.4 per cent, followed by deposit-taking corporations (except the central bank) (26.4 per cent), general government (21.4 per cent) and other financial corporations (8.5 per cent).

• The instrument-wise classification shows that the loans were the largest component of external debt, with a share of 33.2 per cent, followed by currency and deposits (23.3 per cent), trade credit and advances (18.5 per cent) and debt securities (17.0 per cent). Debt service (principal repayments plus interest payments) increased to 4.9 per cent of current receipts at end-December 2021 from 4.7 per cent at end-September 2021.

17. Overview of Indian Rupee

In the month of March 2022, the average exchange rate of rupee against USD stands at 76.2. 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 83.9 in the month of March 2022. While, the average exchange rate of rupee against pound sterling is at 100.3 during March 2022.



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

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

In the month of March 2022, the exchange rate of rupee against USD recorded highest at 75.7, while it registered lowest at 75.8. The exchange rate of rupee against pound registered highest at 101.3 and lowest at 99.01. In case of Euro currency, exchange rate of rupee recorded highest at 84.6 and lowest at 83.4. The exchange rate of rupee against Japanese yen recorded highest at 0.7 and lowest at 0.6.

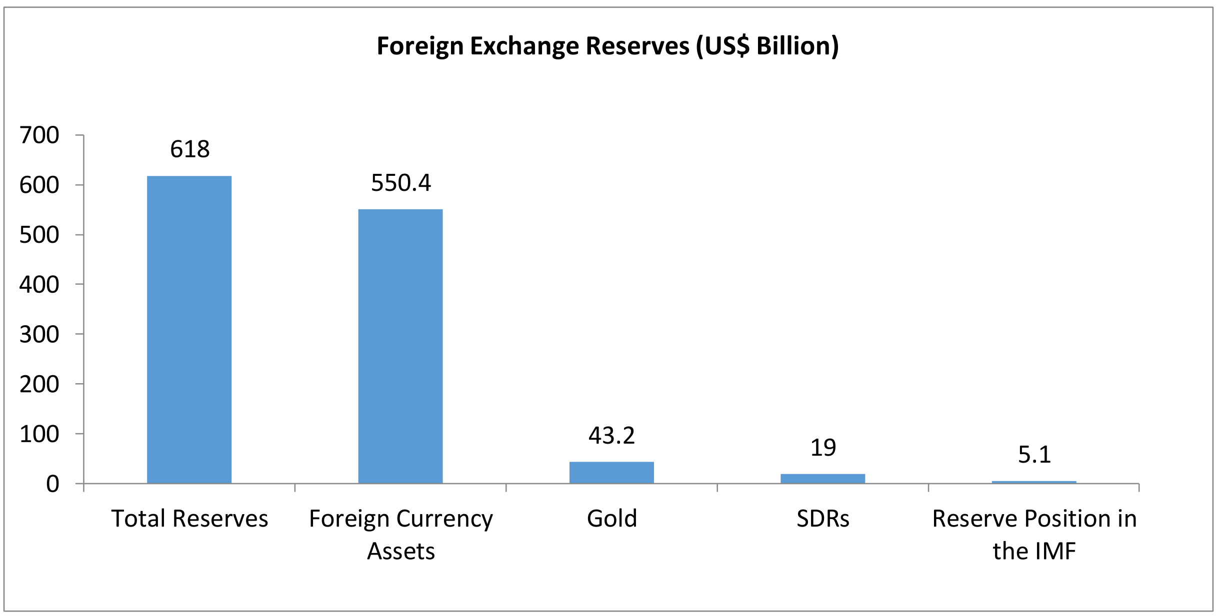
Monthly trend of rupee exchange rate

	Open	High	Low	Close
USD	75.75	76.96	75.61	75.8
Pound Sterling	100.9	101.3	99.01	99.5
Euro	84.3	84.6	83.4	84.6
Japanese Yen	0.7	0.7	0.6	0.6

Source: PHD Research Bureau, compiled from other sources.

19. Foreign exchange reserves

India's foreign exchange reserves stands at about USD 618 billion as on 1st April, 2022 of which Foreign Currency Assets consists of USD 550.4 billion, Gold reserves at USD 43.2 billion, SDRs at USD 19 billion and reserve position in the IMF at USD 5.1 billion.



Source: PHD Research Bureau, compiled from RBI Bulletin of 1st April 2022(Note: Figures are round off)

20. Gross GST Revenue collections for March 2022 stands at all-time high of Rs 1,42,095 crore

The gross GST revenue collected in the month of March 2022 is Rs 1,42,095 crore of which CGST is Rs 25,830 crore, SGST is Rs 32,378 crore, IGST is Rs 74,470 crore (including Rs 39,131 crore collected on import of goods) and cess is Rs 9,417 crore (including Rs 981 crore collected on import of goods). The gross GST collection in March'2022 is all time high breaching earlier record of Rs 1,40,986 crore collected in the Month of January 2022.

The government has settled Rs 29,816 crore to CGST and Rs 25,032 crore to SGST from IGST as regular settlement. In addition, Centre has also settled Rs. 20,000 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 March 2022 after regular and ad-hoc settlements is Rs 65646 crore for CGST and Rs 67410 crore for the SGST. Centre also released GST compensation of Rs 18,252 crore to States/UTs during the month.

The revenues for the month of March 2022 are 15% higher than the GST revenues in the same month last year and 46% higher than the GST revenues in March 2020. During the month, revenues from import of goods was 25% higher and the revenues from domestic transaction (including import of services) are 11% higher than the revenues from these sources during the same month last year.

Total number of e-way bills generated in the month of February 2022 is 6.91 crore as compared to e-way bills generated in the month of January 2022 (6.88 crore) despite being a shorter month, which indicates recovery of business activity at faster pace.

The average monthly gross GST collection for the last quarter of the FY 2021-22 has been Rs 1.38 lakh crore against the average monthly collection of Rs 1.10 lakh crore, Rs 1.15 lakh crore and Rs 1.30 lakh crore in the first, second and third quarters respectively.

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.

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.

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2. Key Banking Developments

Key Banking Developments
RBI amends Payment and Settlement Systems Regulations, 2008 In exercise of the powers conferred by sub-section (1) read with clauses (b) to (f) of sub-section (2) of Section 38 of the Payment and Settlement Systems Act (PSS Act), 2007 (51 of 2007), the Reserve Bank of India has carried out amendments to regulation 5, regulation 6 (2) and the 'schedule' to regulation 5 of the Payment and Settlement Systems Regulations, 2008 (PSS Regulations). The amendments are carried out with the objective of reducing the compliance burden on Regulated Entities (REs) by rationalising certain returns prescribed in the PSS Regulations. With this amendment, certain monthly / quarterly / annual returns prescribed in sub-regulations (a) to (g) of regulation 6 (2) have been discontinued and redundant operational guidelines listed in the 'schedule' to regulation 5 have been removed. **RBI issues Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 - Amendment** This is in reference to the **Master Direction DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021 – 'Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021' (hereinafter referred as 'Master Direction').** 2. The Master Direction outlines the prudential treatment for investment in Venture Capital Funds (VCFs). We have received queries from banks regarding the applicability of these instructions for investment in Alternative Investment Funds (AIFs). 3. Accordingly, on a review, it has been decided that the investment in Category I and Category II AlFs, which includes VCFs, shall receive the same prudential treatment as applicable for investment in VCFs. 4. In addition, based on feedback from banks, clarifications / updates have been provided regarding section 4(a)(vii), 10(c)(ix), 12(ii)(b), 12(ii)(d)(ix), 13(iv)(b), 16(i), 16(ii), 18(ii)(e)(ii) and Annex II of the Master Direction. 5. The relevant sections of the Master Direction have been amended to reflect the aforementioned changes. **RBI lays a Framework for Geo-tagging of Payment System Touch Points** To facilitate nuanced spread of acceptance infrastructure and inclusive access to digital payments, the Monetary Policy Statement 2020-21 on October 08, 2021 had announced that a framework for geo-tagging of physical payment acceptance infrastructure would be prescribed by Reserve Bank. Accordingly, a framework for capturing geo-tagging information of payment system touch points deployed by banks / non-bank PSOs is laid out. The date from which the information shall be reported to Reserve Bank shall, however, be advised in due course. This framework is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

RBI Notifies Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines
The Bilateral Netting of Qualified Financial Contracts Act, 2020 (hereafter referred to as “the Act”), has been notified by the Government of India vide Gazette Notification No. S.O. 3463(E) dated October 1, 2020. The Act provides a legal framework for enforceability of bilateral netting of qualified financial contracts (QFC).

In exercise of the powers conferred by section 4(a) of the Act, the Reserve Bank, vide Notification no. FMRD.DIRD.2/14.03.043/2020-21 dated March 9, 2021, has since notified (a) “derivatives”; and (b) “repo” and “reverse repo” transactions as defined under Section 45(U) of Chapter III-D of the Reserve Bank of India Act, 1934 as a QFC.

RBI releases Guidelines on Establishment of Digital Banking Units (DBUs)

The Reserve Bank of India released the guidelines on “Establishment of Digital Banking Units (DBUs)”. This follows an announcement, made in the Union Budget 2022-23 for setting up of 75 Digital Banking Units (DBUs) in 75 districts to commemorate the 75 years of independence of our country (Azadi ka Amrit Mahotsav).

In pursuance of the budget announcement a ‘Committee for establishment of Digital Banking Units (DBUs)’ was set-up by the Reserve Bank to outline a roadmap for establishment of DBUs. The Committee after necessary consultations and deliberations gave its recommendations on different aspects of DBU *viz*., the digital banking unit model, facilities to be offered in DBUs, monitoring of functioning of DBUs, cyber security and other IT related aspects, role of DBU in the spread of digital banking awareness, *etc.* Based on the recommendations of the Committee, the guidelines on ‘Establishment of Digital Banking Units’ have been finalised.

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

- The Monetary Policy Committee (MPC) met on 6th, 7th and 8th April 2022. On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (April 8, 2022) decided to:

- Keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent.

- The marginal standing facility (MSF) rate and the Bank Rate remain unchanged at 4.25 per cent. The standing deposit facility (SDF) rate, which will now be the floor of the LAF corridor, will be at 3.75 per cent.

- The MPC also decided to remain accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

- These decisions are in consonance with the objective of achieving the medium term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

- Since the MPC's meeting in February 2022, the global economic and financial environment has worsened with the escalation of geopolitical conflict and accompanying sanctions. Commodity prices have shot up substantially across the board amidst heightened volatility, with adverse fallouts on net commodity importers. Financial markets have exhibited increased volatility. Crude oil prices jumped to 14- year high in early March; despite some correction, they remain volatile at elevated levels. Supply chain pressures, which were set to ease, are rising again. The broadbased jump in global commodity prices has exacerbated inflationary pressures across advanced economies (AEs) and emerging market economies (EMEs) alike causing a sharp revision in their inflation projections. The global composite purchasing managers' index (PMI) eased to 52.7 in March from 53.5 in February with output growth slowing in both manufacturing and services sectors. World merchandise trade momentum has weakened.

- Looking ahead, the inflation trajectory will depend critically upon the evolving geopolitical situation and its impact on global commodity prices and logistics. On food prices, domestic prices of cereals have registered increases in sympathy with international prices, though record foodgrains production and buffer stock levels should prevent a major flare up in domestic prices. Elevated global price pressures in key food items such as edible oils, and in animal and poultry feed due to global supply shortages impart high uncertainty to the food price outlook, warranting continuous monitoring.

- The average crude oil price (Indian basket) of US$ 100 per barrel, inflation is now projected at 5.7 per cent in 2022-23, with Q1 at 6.3 per cent; Q2 at 5.8 per cent; Q3 at 5.4 per cent; and Q4 at 5.1 per cent.

- The real GDP growth for 2022-23 is now projected at 7.2 per cent, with Q1 at 16.2 per cent; Q2 at 6.2 per cent; Q3 at 4.1 per cent; and Q4 at 4.0 per cent, with risks broadly balanced.

- The MPC is of the view that since the February meeting, the ratcheting up of geopolitical tensions, generalised hardening of global commodity prices, the likelihood of prolonged supply chain disruptions, dislocations in trade and capital flows, divergent monetary policy responses and volatility in global financial markets are imparting sizeable upside risks to the inflation trajectory and downside risks to domestic growth.

Conclusions

Economic activity has been witnessing significant growth supported by a strong performance of the key economic indicators. At this juncture, continues reform impetus is required to maintain the growth momentum and a sustainable growth trajectory of Indian economy in the coming months.

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.

The high rate of inflation has become a major challenge, escalated by the recent geo-political developments. At this juncture, there is a need to address the high commodity prices to support the consumption and private investments in the country.

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 should handhold the industry with a major focus on manufacturing to achieve a higher and sustainable economic growth trajectory to create new avenues for job creation and competitiveness of the enterprises at global level.

The Government has announced various meaningful and proactive reforms during the last 2 years 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.

India: Statistical snapshot

Indicators	FY17	FY18	FY19	FY20	FY21	FY22
GDP at FC - Constant prices (Rscr)	12189854	13010843	14077586	1,45,69,268[1]	1,35,58,473[3]	1,47,71,681[3]
GDP at FC-Constant prices growth YOY (%)	7.1	6.7	6.8	4.0[1]	(-)6.6[3]	8.9[3]
Agriculture growth	4.9	3.4	2.9	4.3[1]	3.3	3.3
Industry growth	5.8	5.5	6.9	0.9[2]	-	-
Services growth	7.9	7.9	7.5	5.5[2]	-	-
Gross Fixed Capital Formation as % of GDP	29.5	-	32.0	32.5	30.5	32.0
Fiscal deficit as a % GDP	3.5	3.5	3.4	4.6	9.3	6.9
Merchandise exports (US$Bn)	274.64	303.5	331	313.3	290.6	35[7]
Growth in exports (%)	4.7	10.0	9	(-)5	(-)7.3	25.0[7]
Imports (US$Bn)	380.37	42.80	507	474.7	389.2	55[7]
Growth in imports (%)	(-)0.17	7.15	9	(-)7.7	(-)18	36[7]
Trade deficit (US$Bn)	46.42	13.69	176	161.4	98.6	20[7]
Net invisibles US$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	618[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$Bn	472	513.4	-	558.5	-	-
Money supply growth	6.3	9	10.9	-	-	-
Bank credit growth	7	8.2	12	6.6	5	7.9[7]
WPI inflation	1.33	2.47	4.31	1.7	1.2	13.11[7]
CPI inflation	4.5	4.28	3.4	4.8	6.1	6.07[7]
Exchange rate Rs/US$ annual average	64.39	65.04	68.37	69.86	74.2	75.89[6]

Source: PHD Research Bureau, PHD Chamber, compiled from various sources.
Notes: [1] 1st revised estimate; [2] Provisional estimates; [3] MOSPI data for FY2022 2nd Advance Estimates; [4] data as on 1st April 2022; [5]Data pertains to September 2021; [6] data pertains to 7th April 2022; [7] Data pertains to February 2022

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	• Global Economic Monitor (GEM)	
• Impact Assessments	• States' Economic Developments	• Trade & Investment Facilitation Services (TIFS) Newsletter	
• Thematic Research Reports	• International Developments	• State Development Monitor (SDM)	
• Releases on Economic Developments	• Financial Markets		
	• Foreign exchange market		
	• 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
OF COMMERCE AND INDUSTRY

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.

ISO 9001:2015 "Voice of Industry & Trade" NABET

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