



Indian Economy Insights

KPMG in India

April 2022

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The beginning of 2022 marked the third year of the COVID-19 pandemic for India and the world, ushering in newer challenges for healthcare systems, as well as channelling economic growth. However, business continuity coupled with rapid vaccination coverage led to a stronger resilience, pointing towards a GDP growth of 9.2 per cent for FY22—the highest amongst the world's large economies.

Moreover, the Union Budget 2022–23 gives a focused direction towards infrastructure investments, with 35.4 per cent higher capex over the current year's budget. Manufacturing and infrastructure are said to be the growth drivers, bolstered by key government initiatives towards improving productivity. While the International Monetary Fund (IMF) has slightly lowered its growth estimate to 9 per cent, for FY22, certain high frequency indicators denote a fairly strong growth trajectory. Ensuring a continued momentum, the country is further targeting a nominal GDP growth value of 11.1 per cent in FY23.

The bright side: Segments that are progressing well

Signs of continued economic revival are evidenced in the healthy growth of indicators, including total GST collections, digital transactions, metals and coal production, electricity demand, rail and air passenger and freight traffic, and FASTag collections. Automobile registrations across most categories also recorded an upward trend. However, the looming semiconductor shortage has been an area of concern for most automobile manufacturers.

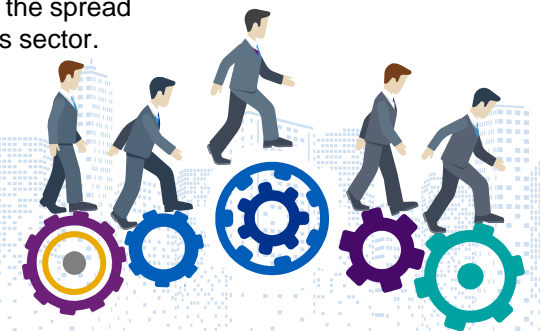
The agriculture sector is constantly driving performance with increased crop diversification. With a substantial increase in the sown area of oilseeds, the overall acreage of Rabi crops has reached over 664 lakh hectares.

The Index for eight Core Industries (ICI) showed a year on year (y-o-y) growth of 3.8 per cent in December 2021, when compared with 3.4 per cent growth in November 2021. Further, several sectors are reaping the benefits of the government's push towards the Production Linked Incentive Scheme (PLI), promoting local manufacturing and developing global competitiveness. The government has projected a fiscal deficit of 6.9 per cent of the GDP for FY22, lower than 9.2 per cent recorded in FY21. This is in line with the fiscal consolidation objective that was announced by the finance minister in the previous year, pursuant of a fiscal deficit below 4.5 per cent by 2025–26.

Key areas of concern

India's trade deficit is expected to rise in FY22 and FY23, compared with FY21—an increment in imports acting as the primary factor, despite a rise in exports. For instance, merchandise exports recorded a 12-month high of USD37.3 billion in December 2021, rising by a healthy 37 per cent y-o-y. However, imports also soared to USD59.3 billion, marking an increase of 38 per cent during the same period, leading to a trade deficit of almost USD22 billion. This was primarily driven by higher imports of petroleum products, electronic goods and gold.

The services Purchasing Managers Index (PMI) also witnessed a drop in H2 FY22, reaching a six-month low in January 2022, reflecting a moderation of activity in the country's services sector. A rise in operating expenses among service providers, coupled with countrywide restrictions to control the spread of the Omicron variant, led to the weakened growth of the services sector.



Source(s): "Governor's Statement", RBI, 10 February 2022; "INDIA'S MERCHANDISE TRADE: Preliminary Data December 2021", Department of Commerce, 03 January 2022; "Budget 2022-2023, Ministry of Finance", Gol, 01 February 2022; "Combined Index of Eight Core Industries (ICI) increases by 3.8 per cent (provisional) in December 2021", PIB, 31 January 2022; "World Economic Outlook", IMF, January 2022; "State of the economy", RBI, 17 January 2022; all accessed on 16 February 2022

Budget 2022: The foundation for economic growth for the next 25 years

The Union Budget 2022–23 puts forward the vision of Amrit Kaal, by emphasising on all-inclusive growth and welfare, fostering technology-enabled development, climate action, energy transition, and facilitating private investments. With an outlay of INR20,000 crore, the budget aims to solidify infrastructure, by focusing on the PM Gati Shakti plan, encompassing the seven engines for driving economic change, seamless multimodal connectivity and efficiency in logistics. Continued focus on capital expenditure and a rising emphasis on the Public Private Partnership (PPP) mode for the implementation of infrastructure projects are likely to boost economic activity, create more jobs, and build sustainable demand in the long run, while uplifting the confidence to attract private and foreign investments.

While the expenditure side of the budget remains strong, mobilisation of funds for capex remains to be seen. Even though the budget envisages and reinforces a sustainable future for the country, the proposal to enhance capital expenditure comes without the promise of growth in revenue generation.

Road ahead


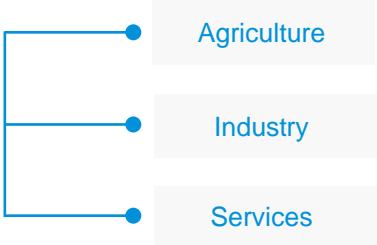





Various economic parameters suggest sustained growth momentum, with the third wave not leaving a significant dent on this progress. On the policy front, the Monetary Policy Committee (MPC) continues with the accommodative stance to sustain growth and keep inflation within target. However, with recent global challenges such as the geopolitical unrest in Ukraine, it will be imperative to be watchful of any significant developments impacting the economy.

A quick impact can be seen on the financial markets in the form of plunging stocks, with crude oil prices and exchange rates also becoming volatile. Given India's reliance on imports for crude oil, natural gas, and other commodities, a spike in inflation and current account deficit can be some of the consequences of this geopolitics. Hence, it will be crucial to observe vigilance in terms of international policies and actions with respect to the surrounding global situation. Uncertainties such as further mutations of the virus and a fourth COVID wave might also have an impact on the growth of India's economy.




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Source(s): "Enhanced capital spending in the Budget will have 3-4 times multiplier effect on the economy: Union Minister Piyush Goyal", Ministry of Commerce & Industry, PIB, 05 February 2022; all accessed on 16 February 2022

Parameters/indicators	Description	Source
Gross Value Added (GVA)  <div style="margin-left: 20px;">  <ul style="list-style-type: none"> ● Agriculture ● Industry ● Services </div>	<ul style="list-style-type: none"> — The GVA witnessed accelerated growth rate of 8.5 per cent in Q2 FY22 and is estimated to grow by 8.6 per cent in FY22. — The agriculture sector witnessed a growth in GVA in Q2 FY22 vis-à-vis Q2 FY21. The agriculture sector witnessed a constant growth of 4.5 per cent during the first two quarters of FY22. — Mining and quarrying, manufacturing, and construction sectors registered y-o-y growth of 15.4 per cent, 5.5 per cent and 7.5 per cent, respectively, during Q2 FY22; however, all three saw a decline from Q1 FY22 levels. — In Q2 FY22, the GVA of trade, hotels, transport and communication increased by 8.2 per cent; however, the levels were down from Q1 FY22 values. Financial, real estate and professional services increased by 7.8 per cent, while public administration and defence services grew by 17.4 per cent. 	<p>Link</p> <p>Link</p>
Index of Industrial Production (IIP) and employment 	<ul style="list-style-type: none"> — IIP witnessed an overall y-o-y growth of 1.4 per cent in November 2021, while it contracted by 4.7 per cent m-o-m in November 2021, reaching 128.5. — Unemployment rate reached 6.6 per cent in January 2022 from 7.9 per cent in December 2021. 	<p>Link</p>
Inflation 	<ul style="list-style-type: none"> — Wholesale Price Index (WPI) inflation reached a high of 14.2 per cent in November 2021 and stood at 13.6 per cent in December 2021. In addition, Consumer Price Index (CPI) inflation increased from 5.7 per cent in December 2021 to 6.0 per cent in January 2022. 	<p>Link</p>
Government's revenue and expenditure 	<ul style="list-style-type: none"> — The fiscal deficit for the period from April to December 2021 stood at 50.4 per cent of the budget estimate, with total receipts of INR17.6 lakh crore and total expenditures of INR25.2 lakh crore. The government has targeted a fiscal deficit of 6.4 per cent of GDP for FY23. — GST collections reached INR1.38 lakh crore in January 2022, after reaching a high of INR1.4 lakh crore in April 2021. 	<p>Link</p>
Trade, FDI and foreign exchange reserves 	<ul style="list-style-type: none"> — In Q2 FY22, India recorded FDI equity inflows of USD13.6 billion, as compared to USD23.4 billion in Q2 FY21, with Singapore featuring as the top source. Further, the foreign exchange reserves reached USD629.8 billion in January 2022, after witnessing an all time high of USD642.0 billion in October 2021. 	<p>Link</p>
Consumer and Business confidence index 	<ul style="list-style-type: none"> — New company registrations stood at 12,182 in January 2022, witnessing an 8.5 per cent decline compared with the previous month. Out of the total companies registered in December 2021, the major share comprises of companies in business services, followed by manufacturing. — Consumer confidence rose in November 2021 after slumping to an all-time low in May 2021, while the Business Confidence Index maintained robust growth in Q2 FY22. 	<p>Link</p>



Executive summary (2/3)

Parameters/indicators	Description	Source
<p>Services</p>  <ul style="list-style-type: none"> Financial services Transport Telecom 	<ul style="list-style-type: none"> — The services PMI showed a decline in January 2022, recording 51.5, after reaching a high of 58.4 in October 2021. — In January 2022, the New Business Premium (NBP) of life insurers increased by 2.7 per cent y-o-y and declined by 10.3 per cent m-o-m, to INR21,957 crore. — The credit-to-deposit ratio declined to 70 per cent in September 2021, compared with 70.5 per cent in June 2021. Total volume of UPI transactions reached an all-time high of 4.6 billion in December 2021 and retail payments on NPCI platform increased to reach 7.1 billion in January 2022. — In addition, private equity (PE) investments in India decreased 20.1 per cent m-o-m in January 2022, in terms of value. — In December 2021, air passengers rose more than 47 per cent y-o-y and 8.7 per cent m-o-m. In January 2022, the amount collected through FASTag registered a y-o-y increase of 50.3 per cent, while exhibiting a sharp increase since May 2021. — Net wireless subscriber additions witnessed a m-o-m increase in November 2021. Number of satellite television channels and number of active subscribers with pay direct-to-home (DTH) operators witnessed a decrease in Q2 FY22 vis-à-vis Q1 FY22. 	<p>Link</p> <p>Link</p> <p>Link</p> <p>Link</p> <p>Link</p> <p>Link</p>
<p>Electricity</p> 	<ul style="list-style-type: none"> — Demand for electricity in India in December 2021, had reached 111 billion units, a y-o-y increase of 3.5 per cent, primarily due to stabilising of economic activities. — Crude oil prices reached USD91.2 per barrel in January 2022, an increase of 17.2 per cent m-o-m. 	<p>Link</p>
<p>Manufacturing</p>  <ul style="list-style-type: none"> Automobile Cement and steel 	<ul style="list-style-type: none"> — Manufacturing PMI reached 54.9 in February 2022, while the IIP reached 139 in December 2021. Merchandise exports and imports registered a y-o-y growth of 37.1 per cent and 38.2 per cent respectively, in December 2021. — The shift to electric vehicles and subsidies improved three-wheeler registrations in Q3 FY22. Commercial vehicle registrations increased on the back of government's infrastructure commitments. — Two-wheeler and passenger vehicle registrations witnessed a decline, owing to Omicron variant and semiconductor shortage, respectively. — Crude steel production witnessed a 6.1 per cent m-o-m growth in December 2021. The demand for steel is expected to rise to 212–247 MT by 2030. — Production of cement increased 12.9 per cent in December 2021, compared with December 2020. 	<p>Link</p> <p>Link</p> <p>Link</p>

Executive summary (3/3)

Parameters/indicators		Description	Source
Aluminium and copper		— Aluminium production increased in Q3 FY22 and witnessed a growth of 1.1 per cent compared with Q2 FY22, while copper production increased by 5.1 per cent during the same period.	Link
Commodity prices		— The prices of aluminium increased by more than 2 per cent m-o-m in December 2021. The prices of copper declined by 2.2 per cent during the same period. Price of steel registered a m-o-m decline of 18.8 per cent in January 2022.	Link
Agriculture		— Tractor sales registered a y-o-y decline of more than 28 per cent in January 2022, and fertiliser sales decreased by more than 15 per cent y-o-y during November 2021.	Link
Mining and quarrying		— The IIP for mining surpassed the pre-COVID-19 levels in March 2021 and stood at 120.3 in December 2021. India's coal production showed an increase consistently in Q3 FY22.	Link
Capital and Construction IIP		— In November 2021, the production of construction goods increased by 1.7 per cent y-o-y, whereas capital goods declined by 4.6 per cent in the same period.	Link
Financial markets		— The Indian capital market indices exhibited a positive reaction to the budget announcements in February 2022.	Link

Government initiatives and outlook

Parameter/indicator		Description	Source
Government regulations and initiatives		— The government and the RBI announced initiatives aimed at enhancing liquidity, credit expansion and unveiling new reforms and acts.	Link
Outlook		— Major financial institutions expect strong economic growth in 2022, with the forecast varying in the range of 8.3–11.1 per cent.	Link

Key indicators — A snapshot



Key indicators — Economic overview (1/3)

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Macroeconomic indicator	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22
Gross Value Added (GVA)	-7.3	1.0	3.7	18.8	8.5
Agricultural	3.0	4.5	3.1	4.5	4.5
Mining and quarrying	-6.5	-4.4	-5.7	18.6	15.4
Manufacturing	-1.5	1.7	6.9	49.6	5.5
Construction	-7.2	6.5	14.5	68.3	7.5
Electricity, gas, water supply and utility services	2.3	7.3	9.1	14.3	8.9
Trade, hotels, transport and communication	-16.1	-7.9	-2.3	34.3	8.2
Financial, real estate and professional services	-9.1	6.7	5.4	3.7	7.8
Public administration, defense and other services	-9.2	-2.2	2.3	5.8	17.4

Numbers are y-o-y per cent change



- India's GVA increased by 8.5 per cent during the second quarter of FY22 compared with the previous year, as a result of the gradual opening up of the economy and removal of restrictions after the second wave of COVID-19
- India's future growth trajectory will be determined by the pace of vaccination and recovery in private consumption. Government initiatives such as thorough spending on public infrastructure via various initiatives is likely to boost economic growth.

Macroeconomic indicator	Unit	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22
Employment under MGNREGS	Million	-18.5	-12.7	7.8	14.4	-5.6	-18.3
Total GST collections	INR lakh crore	44.9	21.3	9.5	-5.3	2.4	13.6
Foreign exchange reserves	USD million	6.9	7.1	-0.2	5.3	4.7	-0.8
Total receipts	INR lakh crore	174.6	35.1	1.99	-3.5	0.8	20.1
Total expenditure	INR lakh crore	-19.1	20.7	53.6	-33.2	-2.1	11.3
Foreign direct investment equity inflows	INR '000 crore	251.2	-9.4	-62.5	117.5	-22.3	-10.4

Numbers are q-o-q per cent change

Macroeconomic indicator	Unit	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22
Unemployment rate*	Per cent	7.5	7.5	6.6	9.7	7.4	7.5
WPI inflation per cent (all commodities)*	Per cent	0.5	1.6	4.9	11.9	11.3	13.9
CPI inflation per cent (Combined)*	Per cent	6.9	6.4	4.9	5.6	5.1	5.0

Numbers are average of three months

Legend: ■ ← Huge decline → ■ High growth

*Note: Q2 FY21 refers to Jul 2020 to Sep 2020; per cent change is calculated in comparison to figures from previous quarters; Quarterly WPI and CPI are calculated as an average of the three months; WPI and CPI inflation targets are considered as 5 per cent and 4 per cent respectively, with an allowed variance of 2 per cent on either side, colour coding has been done basis that; For unemployment rate, different shades of red indicates level of unemployment rate i.e. dark red indicates higher unemployment and vice versa

Key indicators — Services (2/3)

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Sector	Indicator	Unit	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22
Services	PMI*	Index	41.9	53.4	54.2	47.2	52.4	57.3
	Imports	USD billion	1.7	4.7	6.9	-5.9	11.2	12.3
	Exports		0.8	3.4	5.1	3.5	3.1	11.1

Index is average of three months; Import-export are in q-o-q per cent change



- While the services sector remained in the expansion zone, concerns regarding the third wave of COVID-19 had a negative impact on the outlook of the sector
- Further, the international demand for India's services has witnessed a revival with the opening of the economy and a rapid vaccination drive.

Sector	Indicator	Unit	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22
Financial services	UPI transactions	INR lakh crore	45.4	30.0	14.1	12.6	24	24.6
	PE investments	USD million	-19.6	-9.6	-16.6	15.8	107.7	-1.5
Transport	Railway passengers booked	Million	1,034.9	388.9	126.2	-47.8	68.8	50.6
	Air passengers booked	Million	282.3	111.1	24.8	-53.6	71.7	69.0
	Air freight volume	'000 tonnes	108.1	19.6	1.7	-4.4	8.1	4.7
	Rail freight volume	Million tonnes	20.9	15.3	7.5	-6.4	-3.0	9.6
	Fast tag collections	INR crore	81.7	24.1	23.1	-7.0	21.2	12.7
	E-way bills generated	Million	100.0	19.9	6.2	-22.5	29.2	4.1
	Telecom and entertainment	Number of total active subscribers with pay DTH operators	Million	0.2	0.4	-2.0	0.4	-1.4

Numbers are q-o-q per cent change

Legend: ■ ← Huge decline → ■ High growth

*Note: Q2 FY21 refers to Jul 2020 to Sep 2020; Quarterly PMI calculations have been done by taking average of the values from the constituting months; PMI index above 50 has been considered positive and below 20 has been considered high negative

Key indicators – Industry (3/3)

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Sector	Indicator	Unit	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22
Manufacturing	PMI	Index	51.6	57.2	56.9	51.5	53.8	56.3
	Imports	USD billion	47.9	21.0	18.8	-3.8	19.1	12.0
	Exports		44.2	2.0	18.1	6.2	7.3	0.8

Index is average of three months; Import-export are in q-o-q per cent change,



- Manufacturing PMI reached a 10-month high in November 2021, after which it contracted slightly
- Exports and imports from April–December 2021 also recorded an increase of more than 48.9 per cent and 69.3 per cent respectively, from the same period in 2020.

Sector	Indicator	Unit	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22
Energy	Consumption of petroleum products	'000 tonnes	11.2	19.3	-0.6	-12.6	1.3	11.5
	Consumption of natural gas	Million cubic meter	16.5	0.5	-2.9	5.0	4.7	-3.1
	Electricity demand	Billion units	15.1	-6.3	5.6	2.7	7.5	-11.7
Automotive	Two-wheeler registrations	Thousand	194.1	39.0	-11.1	-36.1	37.1	18.4
	Three-wheeler registrations	Thousand	300.6	32.5	37.8	-59.0	126.2	30.5
	Commercial vehicle registration	Thousand	543.3	71.0	24.7	-42.3	56.2	5.5
	Passenger vehicle registration	Thousand	238.2	52.8	0.4	-41.2	56.2	-2.4
Steel	Crude steel production	Million tonnes	54.2	7.4	1.8	-7.6	8.6	2.7
Cement	Cement production index	Index	120.9	140.4	166.0	146.1	148.1	152.0
Agriculture	Tractor sales	Thousand	47.4	9.9	-6.2	-4.3	-3.6	4.5
	Fertiliser sales	Million tonnes	33.3	-1.2	-29.6	-4.8	28	NA
Mining and quarrying	Value of mineral production	INR '00 crore	30.1	75.3	54.4	24.4	3.9	-11.4
	Coal production	Million tonnes	-5.2	38.6	29.2	-37.0	0.5	28.6

Index is average of three months; Numbers are q-o-q per cent change

Legend: ■ ← Huge decline → ■ High growth

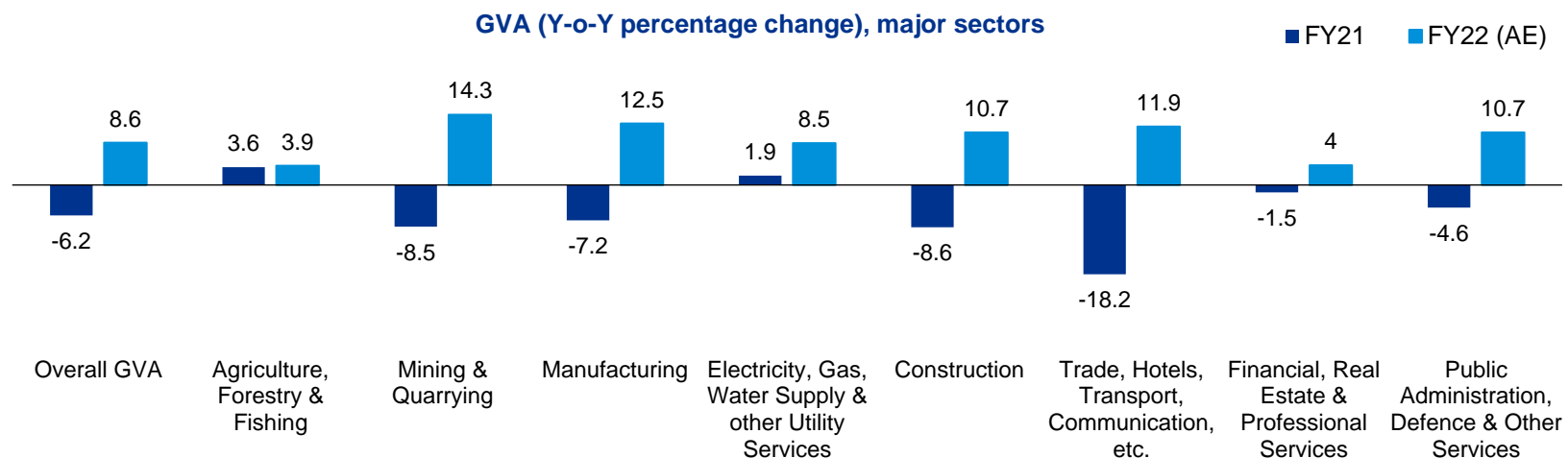
Note: Q2 FY21 refers to Jul 2020 to Sep 2020; "India's Q3 manufacturing outlook perks up, high production costs worrying: FICCI survey", The Federal, 30 January 2022; Quarterly PMI calculations have been done by taking average of the values from the constituting months; PMI index above 50 has been considered positive and below 20 has been considered high negative

Economic performance

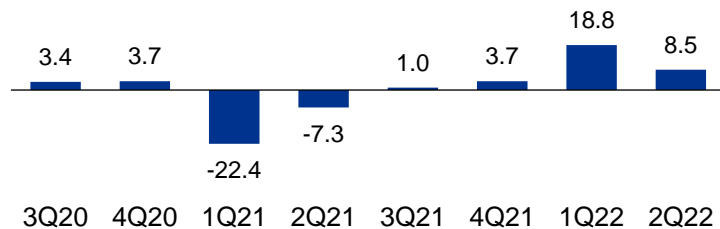


The GVA grew by 8.5 per cent in Q2 FY22, led by growth in mining and quarrying, and public administration, defence and other service sectors

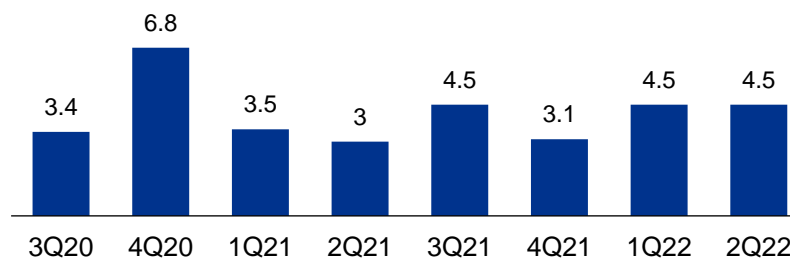
GVA (Y-o-Y percentage change), major sectors



GVA quarterly growth (Y-o-Y percentage change)



Agricultural GVA quarterly growth (Y-o-Y percentage change)



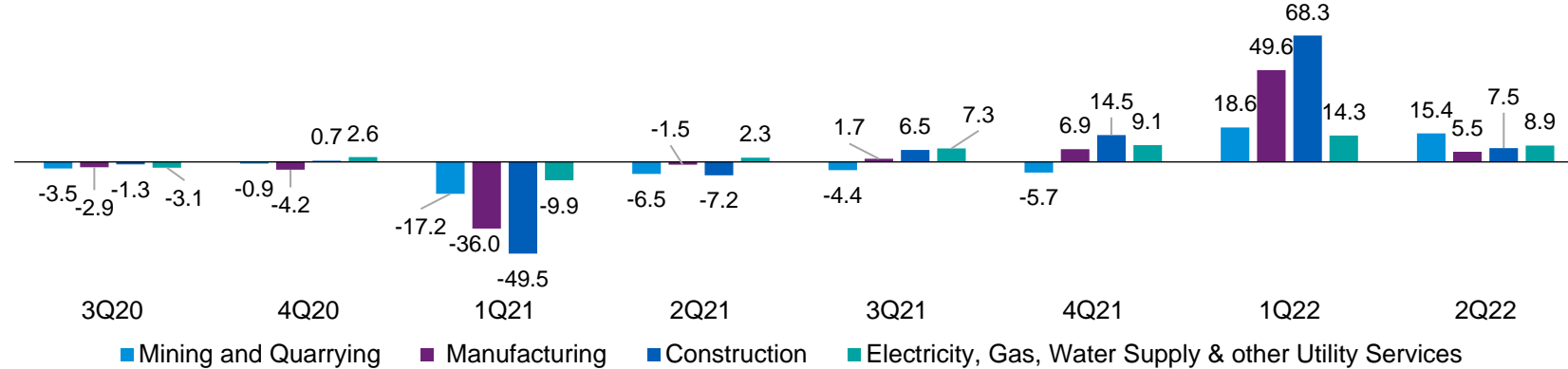
Key highlights

- India's GVA is estimated to recover by 8.6 per cent in FY22 after shrinking by 6.2 per cent in FY21, owing to growth witnessed in all eight sectors.
- The growth continued in Q2 FY22, with GVA registering a y-o-y increase of 8.5 per cent, driven mainly by mining and services sectors.
 - The GVA at current prices expanded by 16.8 per cent in Q2 FY22 (compared with Q2 FY21), to reach INR49.7 lakh crore.
- In the July-September season, a very small amount of crop generally reaches the market and residual rabi and allied sector output dominate the market. Hence, growth in the agriculture sector was marginally better in Q2 FY22 than the long-term average.
- In FY22, agriculture GVA is estimated to witness 3.9 per cent y-o-y growth. Additionally, the agriculture sector has received a digital push in the form of announcements such as kisan drones in the Budget 2022.

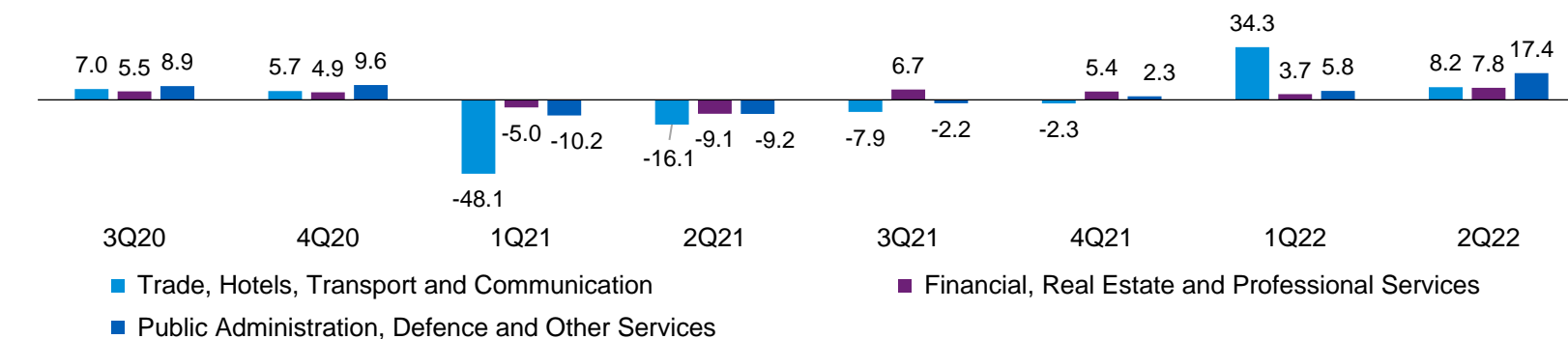
Note: FY22 represents time period of April 2021 to Mar 2022; Q1 FY22 represents period of April 2021 to June 2021 and Q4 FY21 represents period of January 2021 to March 2021; Values for GVA correspond to Quarterly Estimates of GVA at Basic Prices for 2021-22 (at 2011-12 Prices); AE – Advance Estimates
 Source(s): "First Advance Estimates of National Income 2021-22," National Statistical Office Ministry of Statistics & Programme Implementation, 7 January 2022, "Estimates of Gross Domestic Product for the Second Quarter (July-September) 2021-2022", National Statistical Office Ministry of Statistics & Programme Implementation, 30 November 2021, "India's GDP may grow 9.2% in FY22: First advance estimates", Business Standards, 8 January 2022, "Provisional Estimates of Annual National Income, 2020-21 and Fourth Quarter (Q4) of 2020-21", Ministry of Statistics & Programme Implementation, "Estimates of Gross Domestic Product for the First Quarter (April-June) 2021-2022", Ministry of Statistics & Programme Implementation; India Q1 GDP grew at 20.1% aided by agri, manufacturing & construction; private capex seen rising in FY23, Times Now, 31 August 2021; "Estimates of Gross Domestic Product for the Second Quarter (July-September) of 2021-22", PIB, 30 November 2021; "Union Budget 2022: Tech push for agri sector", India News, 2 February 2022; "GDP report card: Agriculture sees 4.5% growth in second quarter", Business Standards, 1 December 2021; all accessed on 03 February 2022

Public administration, defence and other services and financial, real estate and professional services sectors showcased accelerated growth in Q2 FY22 in comparison with Q1 FY22

Industry GVA quarterly growth (Y-o-Y percentage change)



Services GVA quarterly growth (Y-o-Y percentage change)



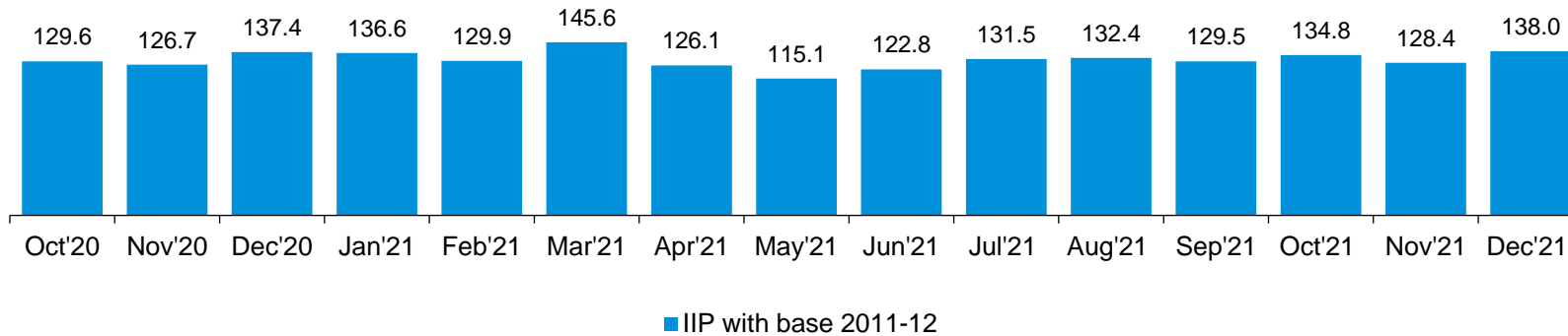
Key highlights

- In Q2 FY22, all sub-sectors of the industry and services, barring public administration, defence and other services and financial, real estate and professional services, showcased a slower growth due to the low base effect, compared with Q1 FY22.
- The manufacturing sector witnessed growth of 5.5 per cent in Q2 FY22 vis-a-vis 1.5 per cent contraction in the same period last year. The construction sector also showcased a growth of 7.5 per cent against a contraction of 7.2 per cent during the same period. However, rising input costs had affected corporate margins, leading to growth trailing forecasted values.
- Contact-intensive sectors such as trade, hotels, transport and communication witnessed a growth of 8.2 per cent in Q2 FY22 (INR5.8 lakh crore). Increased vaccination rates aided in the growth in these industries.
- The highest growth in GVA was recorded by the public administration, defence, and other services sector.

Note: FY22 represents time period of April 2021 to Mar 2022; Q1 FY22 represents period of April 2021 to June 2021 and Q4 FY21 represents period of January 2021 to March 2021; Values for GVA correspond to Quarterly Estimates of GVA at Basic Prices for 2021-22 (at 2011-12 Prices)
 Source(s): "Estimates of Gross Domestic Product for the Second Quarter (July-September) 2021-2022", National Statistical Office Ministry of Statistics & Programme Implementation, 30 November 2021; "The challenge of achieving 9.5% growth rate", The Hindu, 18 December 2021; "Provisional Estimates of Annual National Income, 2020-21 and Quarterly Estimates of Gross Domestic Product for the Fourth Quarter (Q4) of 2020-21", Ministry of Statistics & Programme Implementation; "Estimates of Gross Domestic Product for the First Quarter (April-June) 2021-2022", Ministry of Statistics & Programme Implementation; "GDP growth expands 20.1% in Q1; better-than-expected, says India Inc", 01 September 2021; "GDP grew 8.4% in Q2, but recovery appears patchy", The Hindu, 01 December 2021; "Q2 GDP: Signs of durability amiss as momentum wanes after festive season", Business Standard, 30 November 2021; all accessed on 03 February 2022

The IIP witnessed a sharp increase in December 2021, after declining in the previous month. The unemployment rate eased to 6.6 per cent in January 2022, reaching a 10-month low

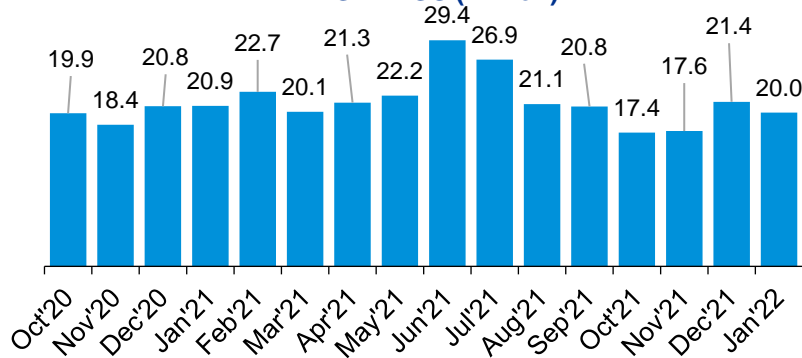
Index of Industrial Production (IIP)



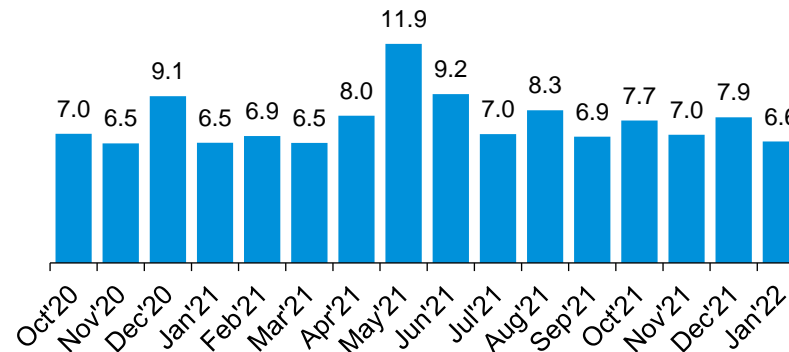
Key highlights

- IIP witnessed a slight increase in December 2021, compared with the same month last year.
 - On a m-o-m basis, IIP increased by 7.5 per cent in December 2021.
- The scheme for rural employment guarantee witnessed a rise in the demand for work in November and December 2021 after falling for four consecutive months, prior to that. This spike, despite COVID-19-related restrictions point to a rural distress. However, it has seen a slight decline in January 2022.
- Unemployment rate decreased sharply to 6.6 per cent in January 2022, which was the lowest so far in FY22, with the lack of jobs in urban areas (8.2 per cent) exceeding those in rural areas (5.8 per cent).

Employment provided to households under MGNREGS (million)



Unemployment rate (per cent)

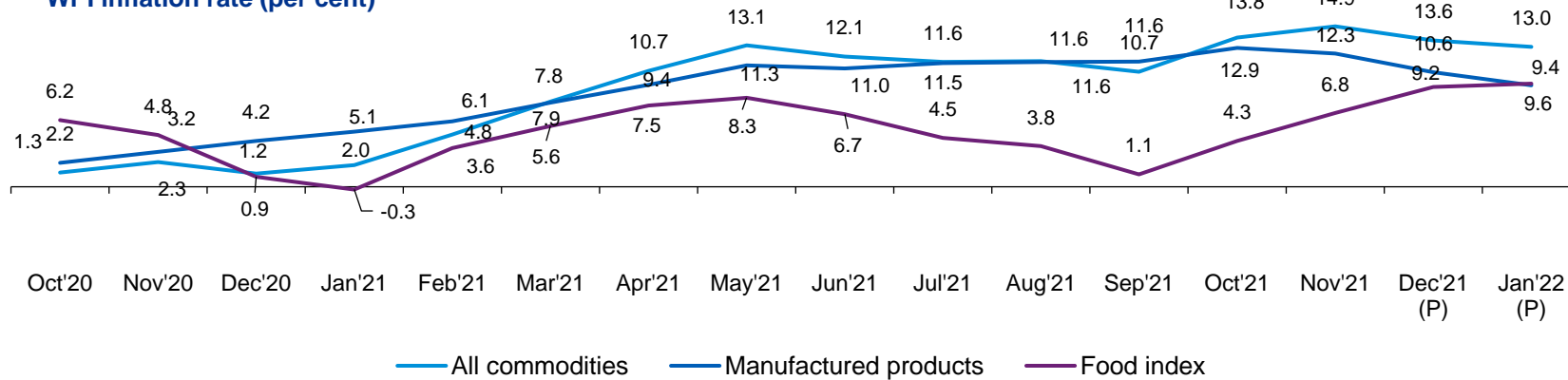


Note: P is Provisional; For Employment provided to household under MGNREGS Jan'22 figure is as of 24 January 2022

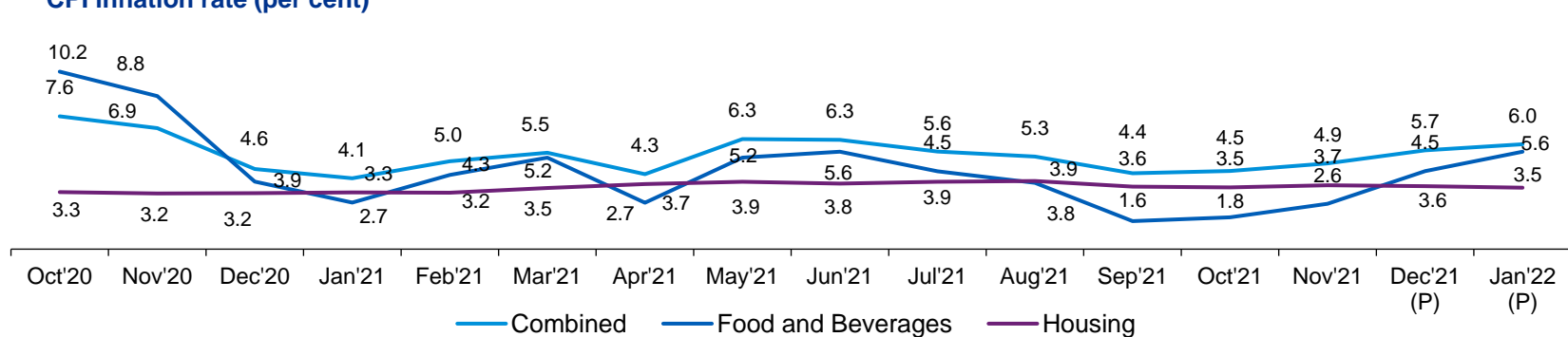
Source(s): Employment Provided Pattern During Financial Year : 2021-2022*, Ministry of Rural Development; IIP Press release, Ministry of Statistics & Programme Implementation; Unemployment Rate in India, CMIE; *Unemployment rate rises to 8.32% in Aug, CMIE, 2 September 2021; "IIP growth remains subdued for third month in a row at 1.6% in November", The Free Press Journal, 12 January 2022; "Employment under MGNREGA in September falls to lowest since Covid outbreak", Economic Times, 14 October 2021; "Rural distress: Demand for MGNREGA work sees spike again", Down To Earth, 7 January 2021; "Budget 2022: India Lowers MGNREGA Allocation To Rs 73,000 Crore In FY23", Bloomberg Quint, 01 February 2022; all accessed on 03 February 2022

WPI decreased in January 2022, after reaching all-time high of 14.2 in November 2021, while CPI reached a five-month low of 4.4 per cent in September 2021, owing to reduction in vegetable and food prices

WPI inflation rate (per cent)



CPI inflation rate (per cent)



Key highlights

- WPI Inflation eased in December 2021 and January 2022 after reaching a record high of 14.9 per cent in November 2021, owing to easing of the inflation in the power and fuel and manufactured products segments. Inflation rate remained high in January 2022, driven by a hike in the costs of mineral oils, basic metals, crude oil and natural gas, chemicals and chemical products.
 - WPI inflation remained in the double-digits for the 10th consecutive month since April, primarily due to a low base of last year.
- CPI reduced to 4.4 per cent in September 2021 and subsequently increased, remaining within the RBI's threshold upper margin of 6 per cent.
 - The spike in the food basket was owing to an increase in prices of oils and fats.
 - RBI's Monetary Policy Committee has estimated CPI inflation at 5.3 per cent during 2021–22.

Note: P is Provisional

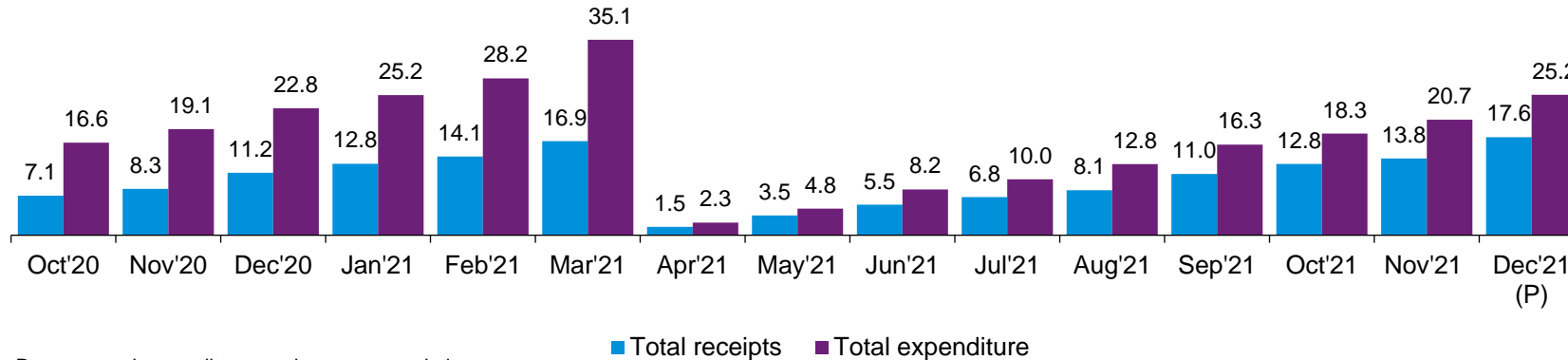
Source(s): "WPI press release December 2021", DPIIT, 14 January 2022, WPI Press Release Archive, DPIIT; CPI Press Release, MoSPI; "Retail inflation spikes to a 5-month high of 5.59% in Dec; IIP grows 1.4% in Nov, shows govt data", The Indian Express, 12 January 2022 "India's wholesale price index (WPI) inflation eases to 11.16% in July 2021", IIFL Securities Ltd., 16 August 2021; "Inflation moderates slightly to 6.26% in June, better than estimates" The Economic times, 12 July 2021, "Retail inflation moderates to 5.59 per cent in July due to fall in prices of vegetables and food items", MCE Zone, 12 August 2021; "December WPI inflation eases to 13.5% YoY", The Economic Times, 14 January 2022, all accessed on 03 February 2022

Government's revenue and expenditure

[Back to exec summary](#) ◀

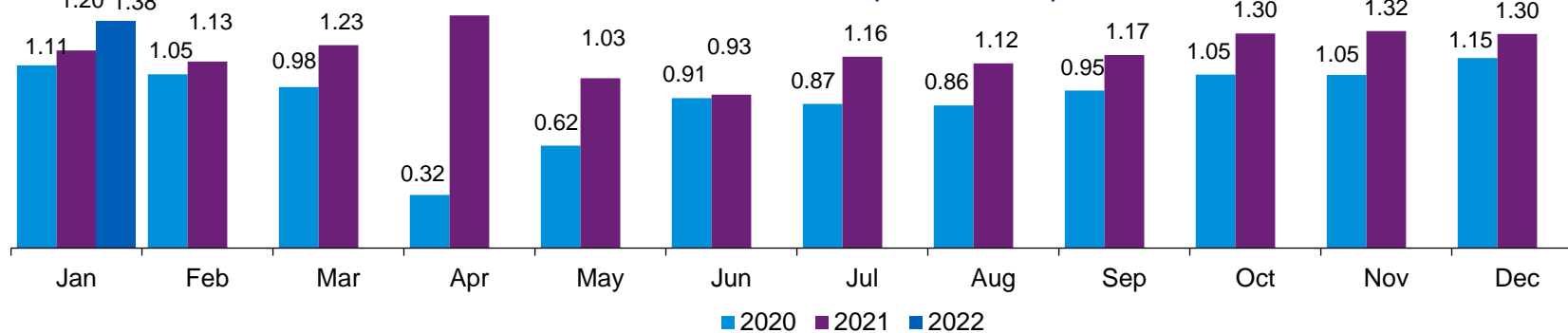
In FY22, India's fiscal deficit is projected at 6.9 per cent of the GDP, lower than 9.2 per cent that was recorded in FY21. GST collections in January 2022 were INR1.38 lakh crore. GST collections have crossed the INR1.30 lakh crore mark four times, driven by a recovery of the economy and anti-evasion initiatives against fake billers.

Central government's total receipts and expenditure (INR lakh crore)



■ Total receipts ■ Total expenditure

Total GST collections (INR lakh crore)



■ 2020 ■ 2021 ■ 2022

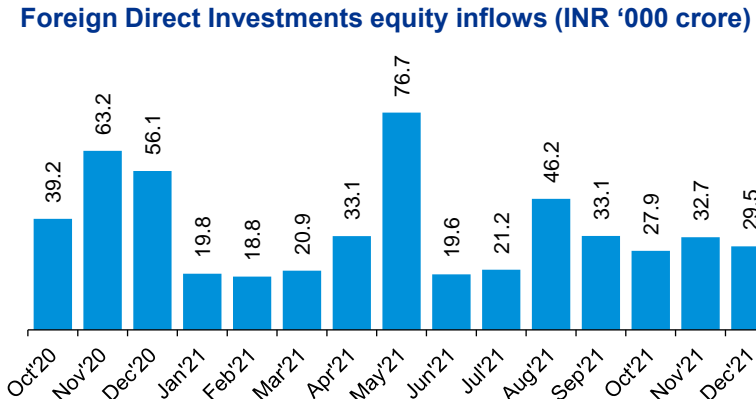
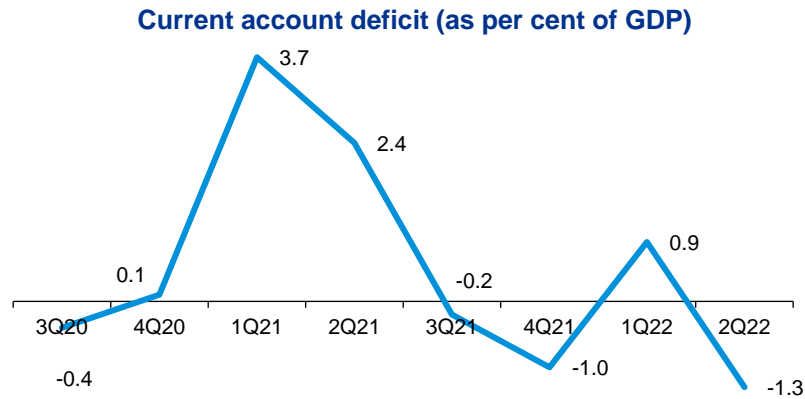
Key highlights

- In FY21, India recorded a fiscal deficit of 9.2 per cent of the GDP.
 - For FY22, the Government of India has projected a fiscal deficit of 6.9 per cent, against previously projected value of 6.8 per cent.
- GST collections reached INR1.38 lakh crore in January 2022, from INR0.93 lakh crore in June 2021.
 - This was driven by the recovery in the economy and anti-evasion measures that were executed, particularly against fake billers.
- Revenues from GST in January 2022 registered a y-o-y growth of 15 per cent, which was 25 per cent higher than the values in January 2020.

Note: P: Total Receipts and expenditure are provisional figures. Source(s): Accounting Information, "Monthly accounts, Provisional Accounts for 2020- 2021", Controller general of accounts; "GST collection", PIB; "Fiscal deficit for FY22 may narrow on higher tax collection, says India Ratings", Financial Express, 31 December 2021; "Budget 2022: Government May Beat FY22 Fiscal Deficit Target, Says India Ratings, Bloomberg Quint, 30 December 2021; GST System Statistics, GST Revenue, "India to breach fiscal deficit target in FY22: Fitch Solutions", Times Now., 07 May 2021; "April-July fiscal deficit at 21.3% of Rs 15.07 lakh cr FY22 target", Living Media India Limited, 31 August 2021; GST Council; July's GST collection at over Rs 1.16 lakh crore; second highest this fiscal, The Times of India, 1 August 2021; Budget at a Glance, Ministry of Finance, February 2022; "Centre's fiscal deficit rises to 50.4% of FY22 target in April-December 2021", Money Control, 31 January 2022; "GST collection crosses Rs 1.38 lakh crore in January 2022", The New Indian Express, 01 February 2022; all accessed on 03 February 2022

Trade, FDI and foreign exchange reserves

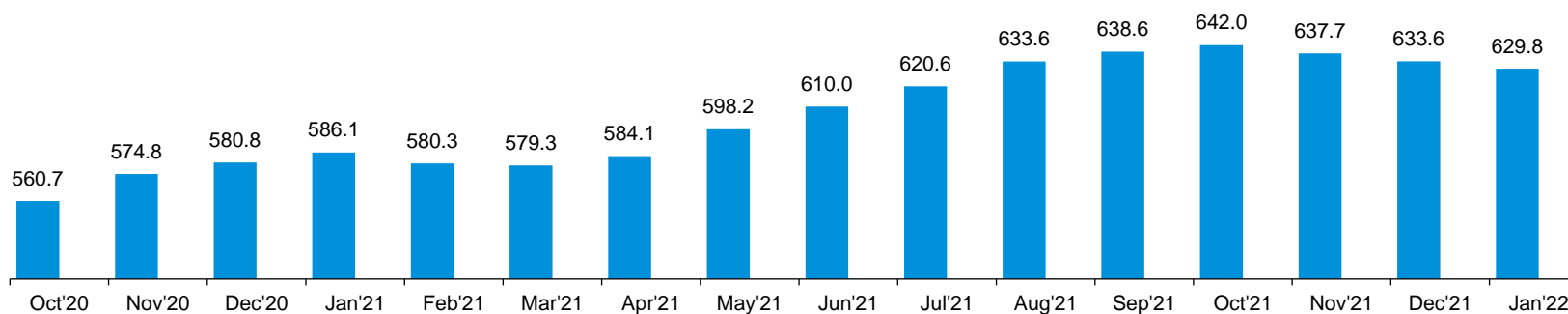
According to the Ministry of Commerce, India witnessed an annual FDI inflow of USD81.97 billion in FY21, which is the highest ever. Further, India's foreign exchange reserves attained a record high of USD642 billion in October 2021



Key highlights

- In FY21, India recorded a trade deficit of USD102.2 billion, 35 per cent lower compared to FY20.
- The trade deficit is expected to be USD190 billion in FY22 and USD200 billion in FY23, primarily due to high imports, despite a rise in exports, as can be seen in months such as December 2021.
- FDI equity inflows stood at USD12 billion in Q3 FY22, falling by 79.2 per cent from the previous year. Further, total FDI inflows reached USD17.9 billion in the quarter.
 - Services, computer hardware and software, and telecommunications sectors attracted the highest FDI equity inflows. Maharashtra, Karnataka, and Gujarat attracted the highest equity inflows among the states.
- India's foreign exchange reserves recorded an all-time high of USD642 billion in October 2021, owing to an increase in the foreign currency assets and the value of gold.

Foreign exchange reserves (USD billion)

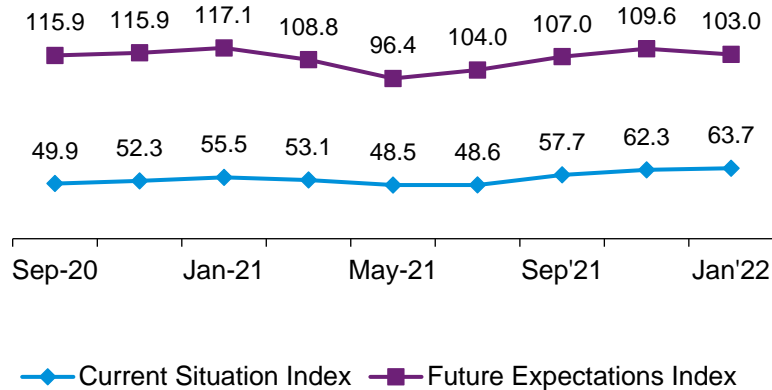


Note: Foreign exchange reserves for Jan'22 are up to 28 January 2022; Total FDI inflows include (Equity inflows + 'Re-invested earnings' + 'Other capital'). Source(s): "Developments in India's Balance of Payments during the Second Quarter (July-September) of 2020-21, RBI"; "Quarterly Fact Sheet", DPIIT, "India's trade deficit could soon double to \$200 billion, as domestic demand drives up imports", Financial Express, 5 January 2022; "India's foreign exchange reserves increase \$1.9 bn to \$642 bn: RBI", Business Standards; "India Recorded Its Highest-Ever FDI Inflow Of \$81.97 Billion in 2020-21", NDTV, 16 December 2021; Developments in India's Balance of Payments during the Third Quarter (October-December) of 2020-21, RBI; Developments in India's Balance of Payments during the Fourth Quarter of 2019-20, RBI; "Weekly statistical supplement", Foreign exchange reserves, RBI; FDI Statistics, DIP; COVID-19 Primary Factor Behind Lowest Trade Deficit In 5 Years: Ratings Agency, NDTV Profit, 17 April 2021; "India's forex reserves surge \$16.663 bn to record high of \$633.558 billion", Live Mint, 3 September 2021; "At \$22.53 billion, India's FDI equity inflows, in first quarter of FY22, double from last year", Times Now, 28 August 2021; all accessed on 03 February 2022

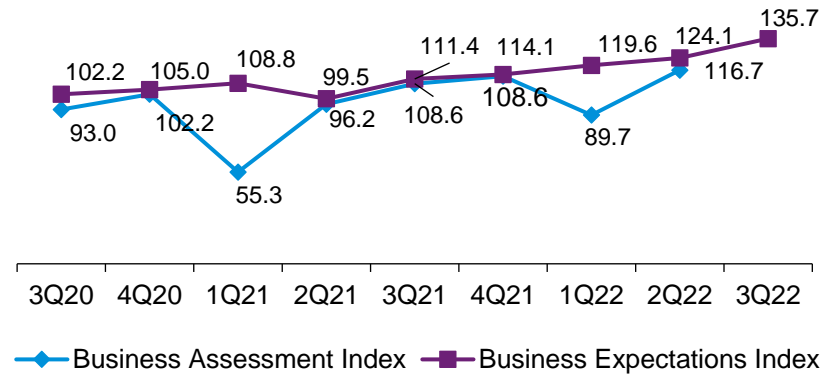
Consumer and business confidence index

The Consumer Confidence Index rose through Q2 FY22 and Q3 FY22, owing to improvement in the economic situation, employment and household income. The Business Assessment Index witnessed growth in Q2 FY22, owing to improving business sentiment among manufacturers in India

Consumer Confidence Index³



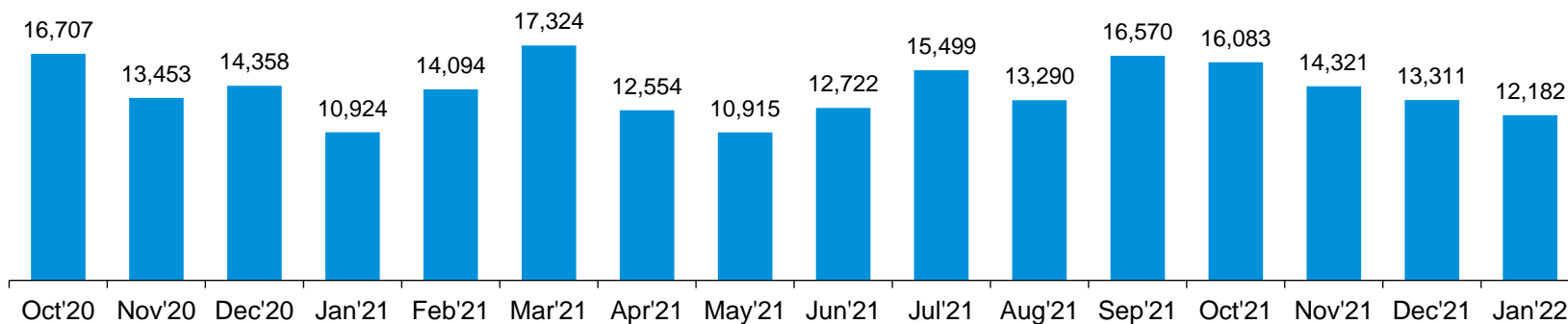
Business Confidence Index⁴



Key highlights

- The Current Situation Index (CSI) improved to 63.7 points in January 2022, while the Future Expectation Index dropped to 103.0.
- Future Expectations Index witnessed a downward trajectory, primarily due to rise in Omicron cases and decline in personal financial conditions.
- The Business Assessment Index expanded to 116.7 in Q2 FY22, pointing to an improvement in the manufacturing sector's overall business environment.
- The Business Expectations Index reached 135.7 in Q3 FY22, driven by improving production volumes, new orders, and job landscape, and the overall financial situation of manufacturers.
- In January 2022, Maharashtra reported the highest number of company registrations at 2,274, followed by UP and Delhi. Majority of these companies registered in January 2022 were from the business services (26 per cent) and manufacturing (21 per cent) sectors.

New company registrations

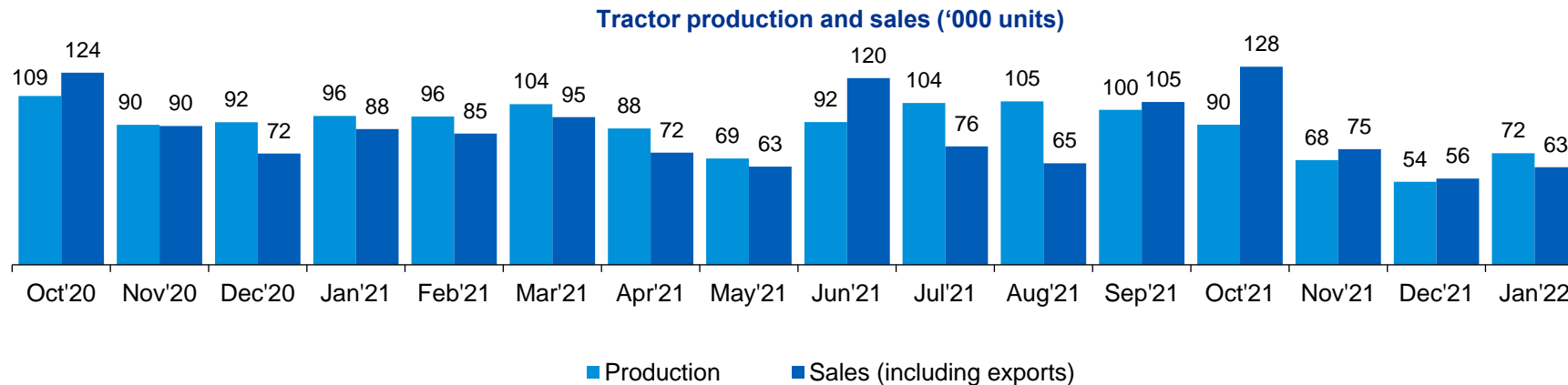


Note: Both CCI and BCI surveys are conducted based on two parameters – 1. Current Situation: How does a respondent feel about different topics considering the present economic conditions; 2. Future Expectations: How does a respondent feel about different topics considering his expectations about the future economic conditions (generally after 6 months or 1 year); 3) The latest survey was conducted with 5,310 households in 13 cities on general economic situation, employment scenario, overall price situation, and own income/spending; 4) The latest survey was conducted with 1,414 companies
Sources: Bi-monthly publications, Consumer Confidence Survey, RBI, Quarterly Publications, Industrial Outlook Survey of Manufacturing Sector, RBI website; Industrial Outlook Survey of the Manufacturing Sector for Q2:2021-22, RBI, August 2021; "Monthly Information Bulletin On Corporate Sector", Ministry of Corporate Affairs, 21 January 2022; all accessed on 09 February 2022

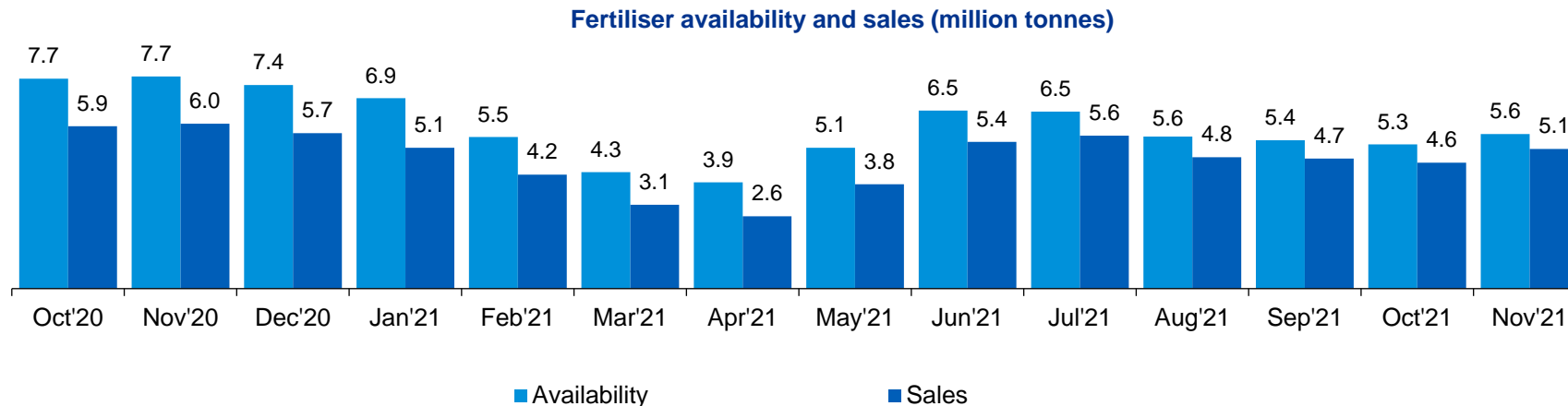
Sectoral analysis



While agriculture has not been severely impacted by the pandemic, growth was further empowered by agritech innovations and various government measures under the aegis of the Aatmanirbhar Bharat Abhiyan



- Tractor production and domestic sales hit a 20-month low in December 2021, however for the first time ever, in 2021, annual production surpassed one million and exports crossed one lakh. Production and sales marginally improved in January 2022.
- High base effect from 2021, inflationary effect on short-term demand resulting in high channel inventories in some regions, and unseasonal rainfall had affected the sales in January 2022.

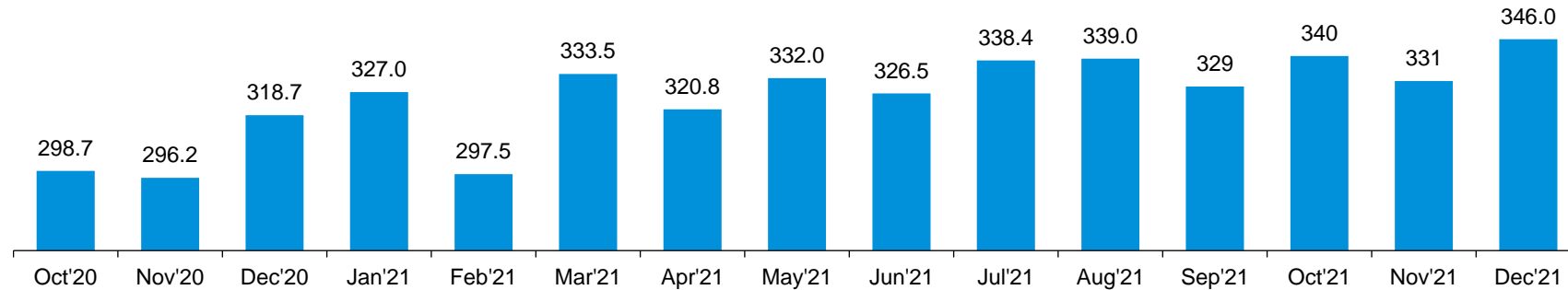


- The global prices of fertilisers have gone up by ~200 per cent due to export restrictions on fertilisers by China and Russia and increase in price of natural gas and coal.
- The hike in prices has led to an increase in the subsidy by the government.
 - The fertiliser subsidy has been revised to INR140,000 crore from INR79,500 crore for FY22 to avert scarcities arising from the surge in prices of inputs.

Source(s): "Industry Statistics, Monthly Reports, Tractor Compiled", TMA India; "Monthly Bulletin" Department of Fertilizers; "Budget 2022: Decoding Resilience of Indian Agriculture", Investing India, 31 January 2021; "Annual tractor production crosses 1m, exports surpass 1 lakh for the 1st time in 2021", Hindu Business Line 9 January 2022; "Fertilizer stocks dip further, minister asks farmers not to hoard", Indian Express, 2 November 2021; "Fertilizer subsidy touches Rs 85,300 cr in Apr-Dec FY22: Survey", Economic Times; 31 January 2022; "Subsidy Backlog Clearance to be a Game Changer for Fertilizer Cos in FY22 Amid Rising Input Prices", Ind-Ra; "Fertilizer sales down on erratic monsoon rains", The Indian Express, 02 August 2021; "Tractor sales to rebound in the coming months after the fall in August", Business Standard, 7 September 2021; "Escorts tractor sales decline 37% in Jan 2022", Business Standard, 01 February 2022; "India faces record fertilizer subsidy in 2021-22", The Hindu, 1 December 2021; "Fertiliser subsidy for 2022-23 is less than expected, says ICRA", economic times, 1 February 2022; all accessed on 09 February 2022

Aluminium production rose sharply in December 2021, and was the highest produce recorded in the past year. Copper production stabilised in Q3 FY22 after a surge in Q2 FY22 from the dip observed in Q1 FY22

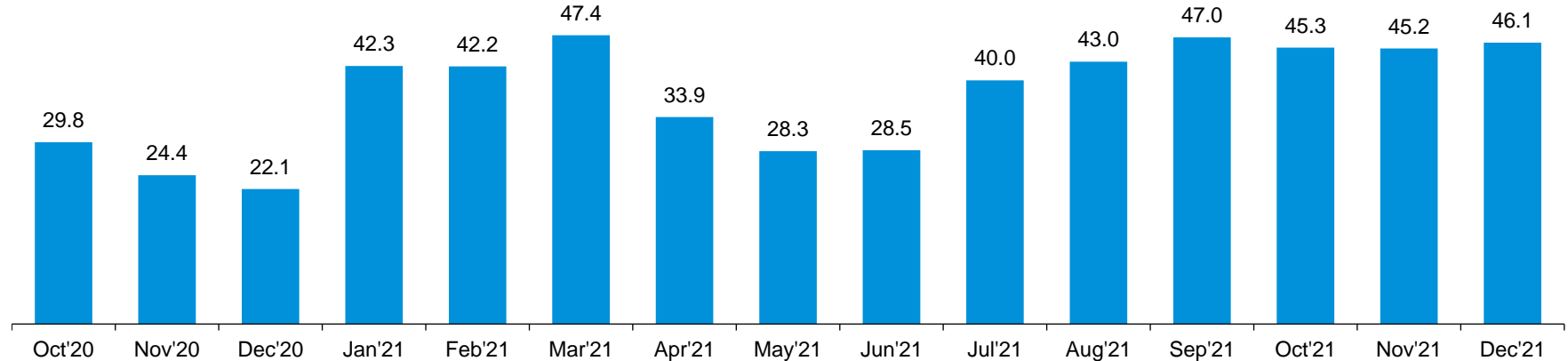
Aluminium production ('000 tonnes)



- Aluminium production during Q3 FY22 increased by more than 11 per cent, compared with the same period last year. Aluminium production has showcased a steady increase in Q1, Q2, and Q3 of FY22
- Bottlenecks in the supply of aluminium from China, the largest aluminium producer globally, helped manufacturers in India command higher prices in the global market.

- By the end of Q2 FY22, copper production had recovered from a fall seen in Q1 FY22. Production is observed to have been relatively stable in Q3 FY22.
- In Q1 FY22, the imports of copper had surged by more than 20 per cent compared with the same period the previous year, despite lockdowns observed across the country.

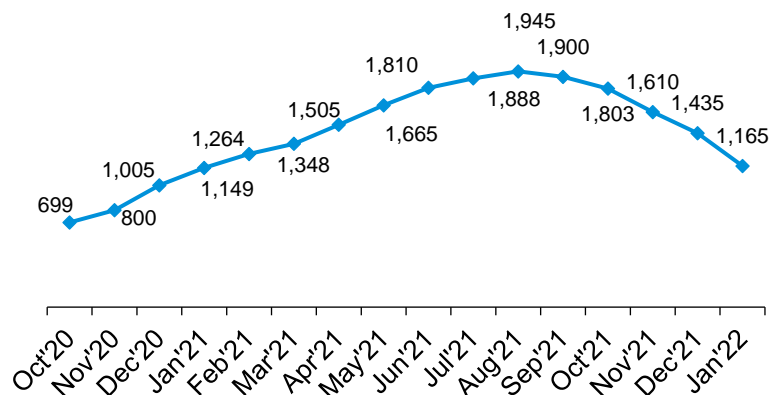
Copper production in 2020–21 ('000 tonnes)



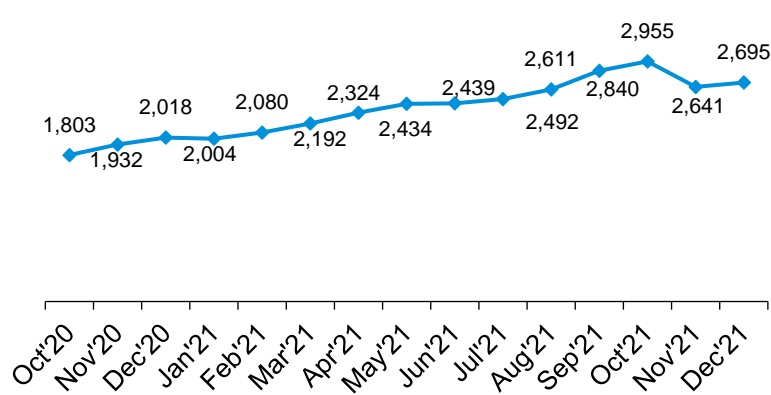
Source(s): Monthly Summary on Non-Ferrous Minerals and Metals, Ministry of Mines, February 2020-December 2021; "Metals & Mining Industry in India, IBEF; Aluminium makers to forge decade-high profitability of ~30%", CRISIL, 24 August 2021, Refined Copper Industry – February 2021 update, Care Ratings, 18 February 2021; Hindalco Industries Limited Q1FY22 Earnings Presentation, 06 August 2021; "India's copper import rises 26% in Q1; momentum expected to continue further: Report", The Hindu, 19 September 2021; "With aluminium prices near 1-year high, India's smelters reap benefits", Mint, 30 August 2021; all accessed on 10 February 2022

The prices of aluminium in December 2021 were 33.6 per cent higher vis-à-vis the same month during 2020. Copper prices have, however, varied in October, November, and December 2021, on account of factors such as power supply restrictions in China

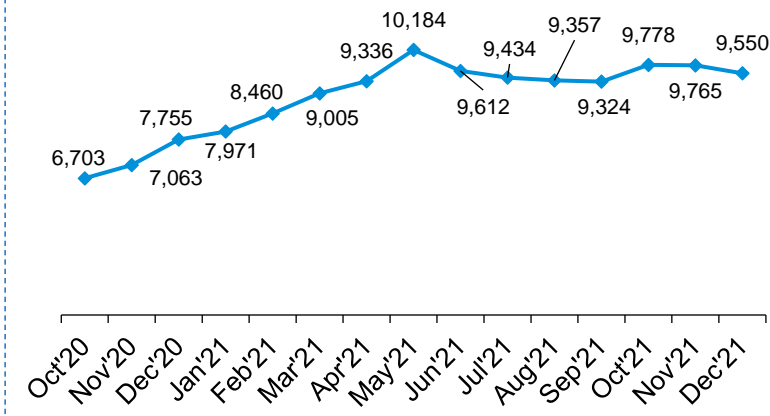
Hot rolled coil steel price (USD per tonne)



Aluminium price (USD per tonne)



Copper price (USD per tonne)



- High steel price realisations had worked to the benefit of steel manufacturers in India for most of 2021. However, domestic steel prices had started falling, particularly from Q3 FY22
- Factors such as a growing threat from the Omicron variant of COVID-19, muted demand in the domestic market, and decreasing international steel prices had all contributed to the fall in prices.

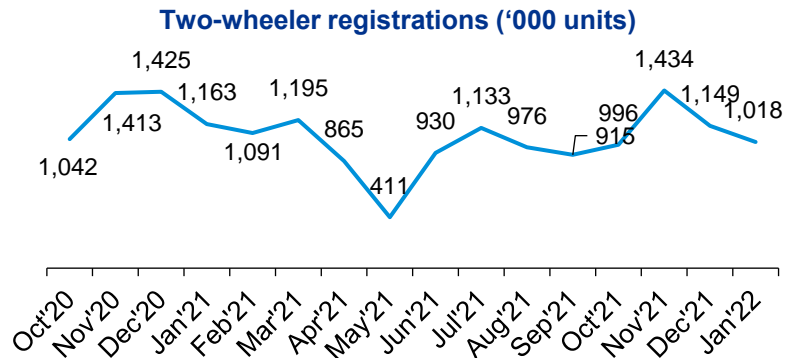
- Aluminium prices have been increasing continuously since April 2020 and peaked at USD2,955 per tonne in October 2021 and then witnessed a slight dip in November 2021.
- Additionally, in 2022, the price for aluminium is expected to increase by 6 per cent y-o-y, owing to increased demand from the auto industry, prices of energy resources, and a supply scarcity originating from China, which is reducing the production in order to improve air quality and decrease CO2 emissions.

- The decline in copper prices, which started in June 2021, continued to September 2021. Prices had increased in October 2021, only to fall again in the successive two months.
- The volatility in prices can be attributed to strained market conditions arising from decreasing production in China as a result of power supply restrictions, gradual relaxation of monetary policies in the US, and growing concerns over the Omicron variant of COVID-19.

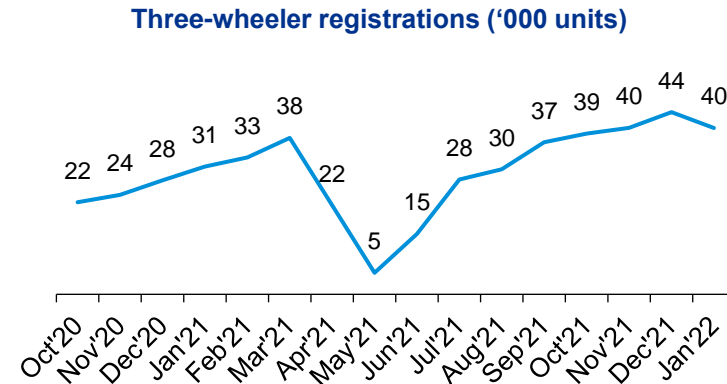
Note: 1) Aluminium and Copper are of LME Prices (monthly average) and Steel Prices are (CME monthly average)

Sources(s): Monthly Summary on Non-Ferrous Minerals and Metals, Ministry of Mines, February 2020-December 2021; "Aluminum Prices Spike Up 62% and Will Continue Rallying in 2022 – IndexBox", Global Newswire, 8 December 2021; "Capital price forecast: Will it surpass its all-time high?", Capital.com, 31 January 2022, on-ferrous Metal Price Updates, Care Ratings, 13 May 2021; Why copper prices are going through the roof, CNBC TV 18, 11 June 2021; HRC Steel Prices – Chicago Mercantile Exchange; accessed on 22 June 2021; Back on Growth Path, Business Today, 13 June 2021; "US Midwest Domestic Hot-Rolled Coil Steel Futures Historical Data", Investing.com; "Copper MMI: Copper prices consolidate", MetalMiner, 12 July 2021; "With aluminium prices near 1-year high, India's smelters reap benefits", mint, 30 August 2021; "India's steel output expected to jump 18% to 120 MT in FY22: MoS Steel", Business Standard, 05 September 2021; "Coal shortage: How power crunch may affect non-power industries", India Today, 13 October 2021; all accessed on 10 February 2022

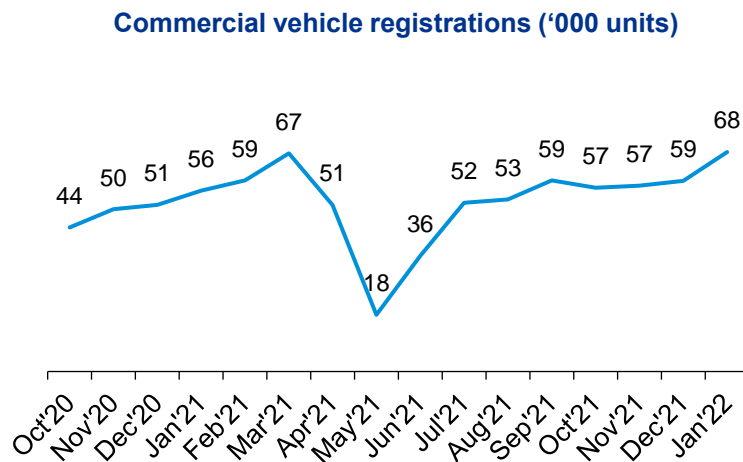
While commercial vehicle sales increased in January 2022, sales for both two-wheelers and three-wheelers dropped. Continued semiconductor shortages are expected to further impact the market, leading to stagnant sales of passenger vehicles



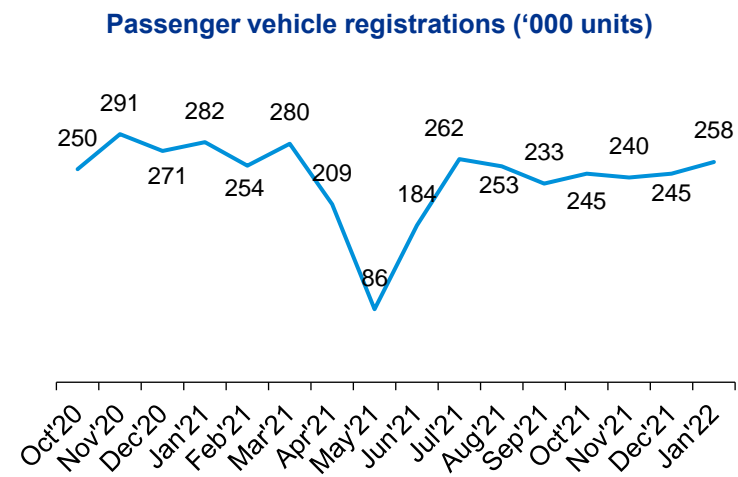
- Two-wheeler registrations increased 18.4 per cent in Q3 FY22 compared with Q2 FY22, reaching 1,149 thousand units in December 2021
- However, threat of Omicron and rural India remaining in distress impacted the sale towards the end of 2021.



- Three-wheeler registrations during Q3 FY22 were 30 per cent higher compared with Q2 FY22
- Shift to electric three-wheelers and various subsidies such as the FAME II subsidy scheme has helped boost the sales.



- Commercial vehicle registrations increased by 5.3 per cent in Q3 FY22 compared with Q2 FY22.
- Medium and heavy commercial vehicle segment witnessed growth. The government's commitment towards infrastructure improvement is helping the category grow.



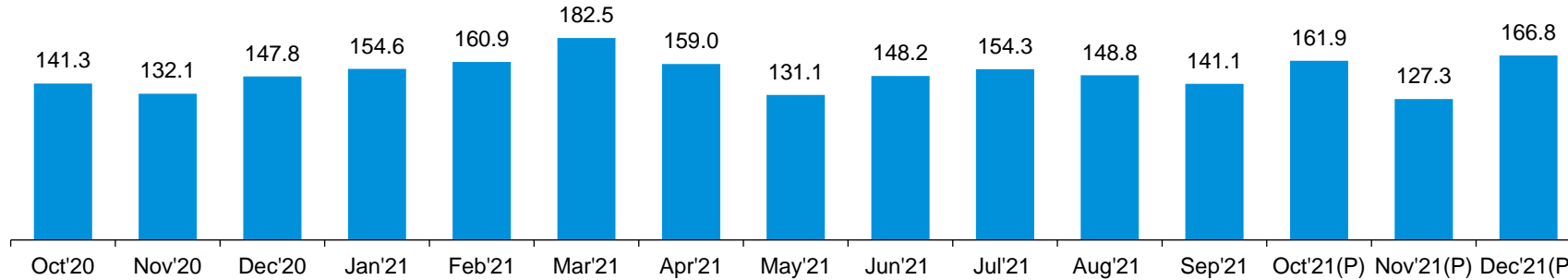
- Passenger vehicle registrations decreased by 2.5 per cent in Q3 FY22 compared with Q2 FY22.
- The PV segment outlook remains challenged due to the continuing semiconductor shortage.

Note: 1) Society of Indian Automobile manufacturers

Source: "FADA monthly Journal", FADA; "How did the domestic CV industry perform in Q1 FY22?", Economic Times, 04 July 2021; "Commercial vehicle sales increased by 13 percent on a YoY basis with growth seen across the MCV and HCV segments while LCV sales dipped", Rush Lane, 25 December 2021 "Auto registrations jump 34 per cent as economy opens up post COVID lockdown", The New Indian Express, 09 August 2021; "Three Wheeler, Rickshaw Sales May 2021 – Bajaj, Piaggio, Atul Auto, Mahindra", Rush Lane, 21 June 2021; "Second wave of Covid-19 pandemic derails recovery of Indian auto industry: Report", Financial Express, 20 May 2021; "Passenger vehicles wholesales up 44.6% in July", The Hindu, 12 August 2021; all accessed on 10 February 2022

Cement production witnessed a 12.9 per cent rise in December 2021, compared with December 2020. Even after the third wave of COVID-19, crude steel production is expected to rise, owing to the growing demand from infrastructure and auto sectors

Cement production Index



Note: Base Year: 2011-12=100

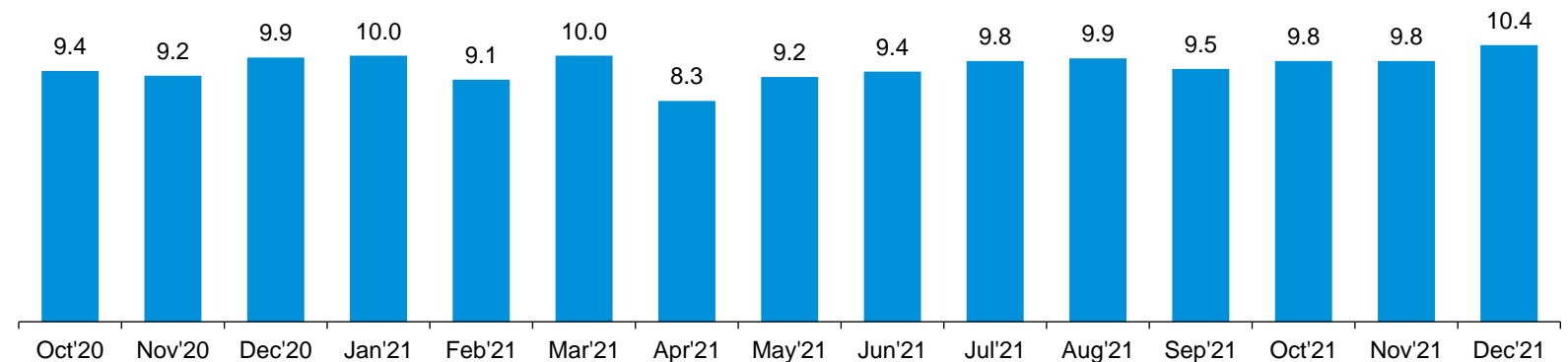
- Production of cement increased 12.9 per cent y-o-y in December 2021
- Various government initiatives, such as PM Gati Shakti scheme are expected to increase the demand.
- As per a leading rating agency, cement production is expected to rise by 12 per cent to 332 MT in FY22 and 358 MT in FY23.

— In the Union Budget 2022, the government announced plans to stretch the exemption of custom duty on steel scrap by a year, to provide aid to small secondary steel producers. Presently, India is the third-largest steel producer globally.

— In FY22, crude steel output is estimated to reach 115–120 million tonnes, witnessing a growth of ~18 per cent y-o-y, owing to increasing demand. For instance, demand for steel is likely to rise by 17 per cent to 110 million tonnes, in FY22 due to growing construction activities.

— Additionally, the demand for steel is expected to rise to 212–247 MT by 2030.

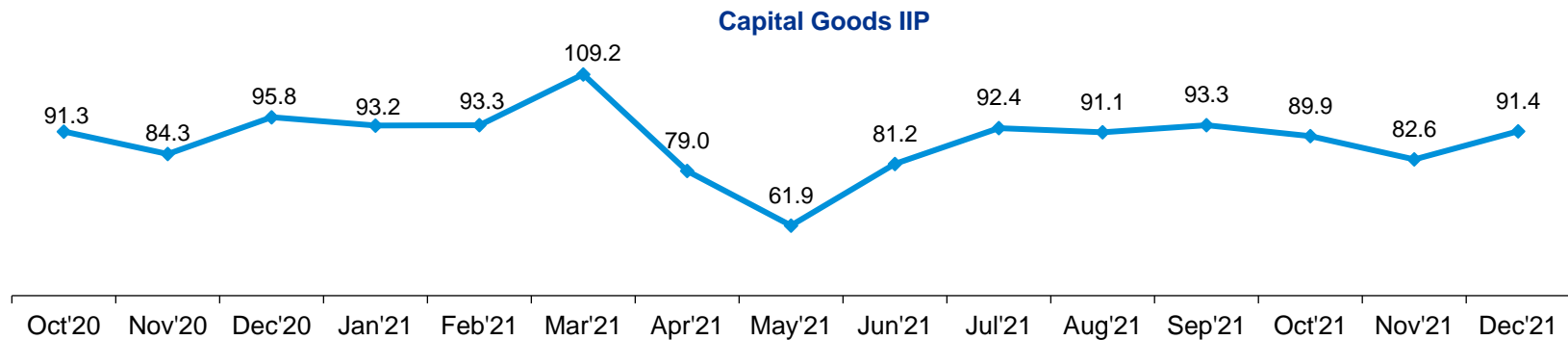
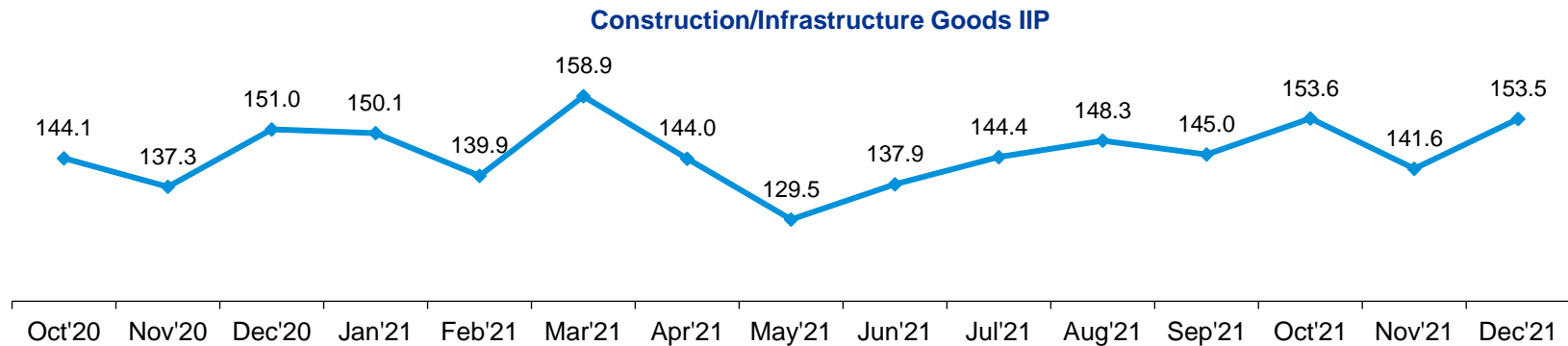
Crude steel production (million tonnes)



Note: 1) On April 28, China announced the removal of export rebates on 126 steel products, including hot-rolled coils, and the reduction of import duty on crude steel, pig iron and scrap-to-zero with effect from May 1
 Source(s): "Crude steel production", World steel association; "India Cement Production", Trading Economics; "Steel production strong in Q3, companies remain upbeat on demand", Economic Times, 12 January 2022; "Budget 2022: Centre to extend customs duty exemption on steel scrap by 1 year", Zeebiz, 1 January 2022; "Budget 2022: Steel industry needs budgetary support, incentives to maintain growth trajectory in post Covid era", Financial Express, 27 January 2022; "Steelmakers to report better earnings and improve utilization in H2 of FY22: Analysts", The Economic Times' 14 June 2021; "PLI scheme for specialty steel a game changer, to boost domestic output: Govt.", Economic Times, 8 August 2021; Cement Industry: July Update, 19 July 2021, CARE Ratings; Department For Promotion of Industry and Internal Trade, 30 September 2021; "Cement industry in India, IBEF, CEMENTCement production to increase by 12% in FY22: ICRA report, Construction World, 19 October 2021; "INDEX OF EIGHT CORE INDUSTRIES", EA Industry, 31 January 2021 all accessed on 10 February 2022

Construction/infrastructure goods and capital goods

The IIP figures for construction and capital goods witnessed a decline during the second wave of COVID-19. However, subsequently, both the indices had recovered and are expected to witness growth in the future, owing to government initiatives



Key highlights

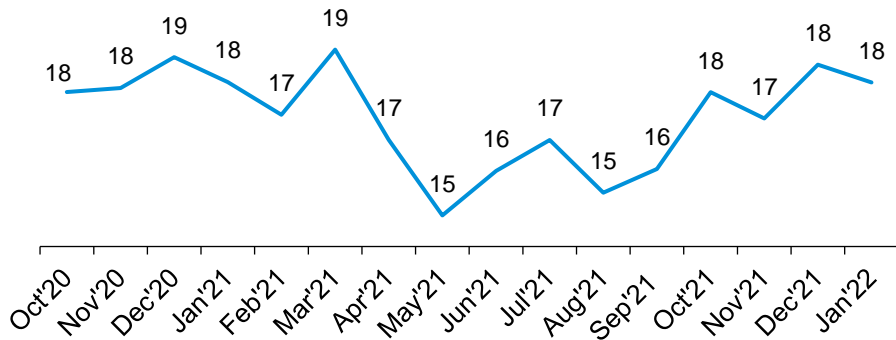
- Construction and capital goods indices have shown positive movement during June and August 2021, post witnessing a downfall in the start of FY22, because of the second wave of COVID-19. Additionally, the construction and capital goods indices witnessed a slight dip in November 2021.
- Comparing the figures of December 2021 with the corresponding figures of last year, the production of construction/infrastructure goods increased by 1.7 per cent and capital goods decreased by 4.6 per cent.
- Additionally, the Union Budget for FY23 has announced a capital expenditure of INR7.5 lakh crore, a 35.4 per cent higher expenditure compared with the previous year. The government aims at economic growth via infrastructure creation, which had been affected by COVID-19. This will in turn have an impact on these indices.

Note(s): E stands for estimated value

Source(s): IIP Data, MOSPI, accessed on 09 February 2022; Index of Industrial Production (Base: 2011-12=100), RBI Bulletin published on RBI website, "Budget 2021: Capital Expenditure Hiked 34.5% To Rs 5.54 Lakh Crore In FY22", "Union Budget: Centre likely to boost capex to accelerate economic growth", Hindustan Times, 831 January 2021; Bloomberg Quint, 01 February 2021; as accessed on 09 February 2022

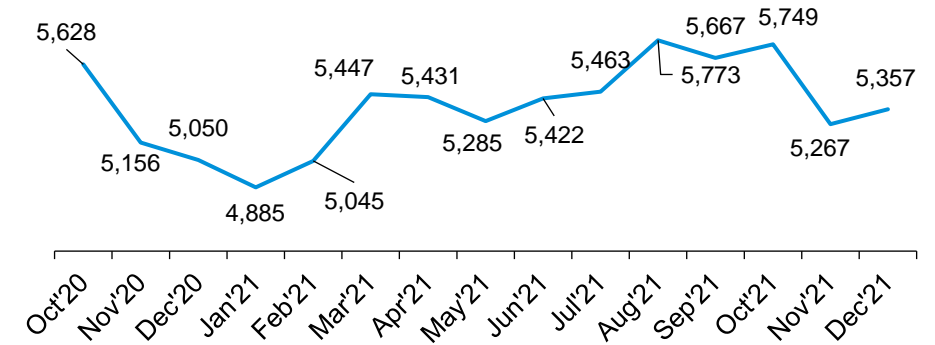
India's consumption of petroleum products has recorded an upward trajectory, however, it declined slightly in January 2022

Consumption of petroleum products (million tonnes)

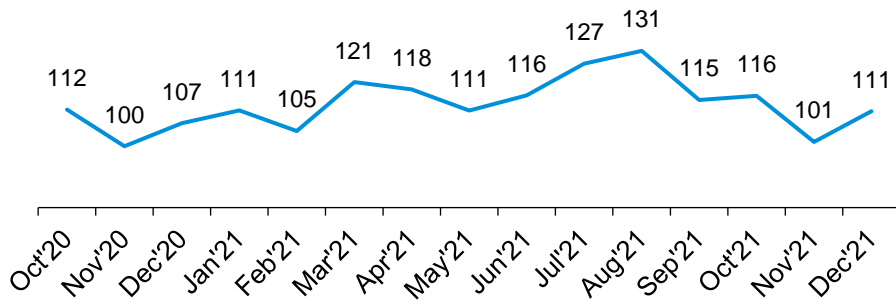


- India's consumption of petroleum products decreased by 2.4 per cent m-o-m in January 2022. Natural gas increased 1.7 per cent m-o-m in the same month
- Brent crude oil prices are at their highest level since October 2014. For instance in January 2022, the prices were USD91.2 per barrel. This is due to improving COVID vaccination rates and rising petroleum demand because of economic growth.

Consumption of natural gas products (million standard cubic metre)

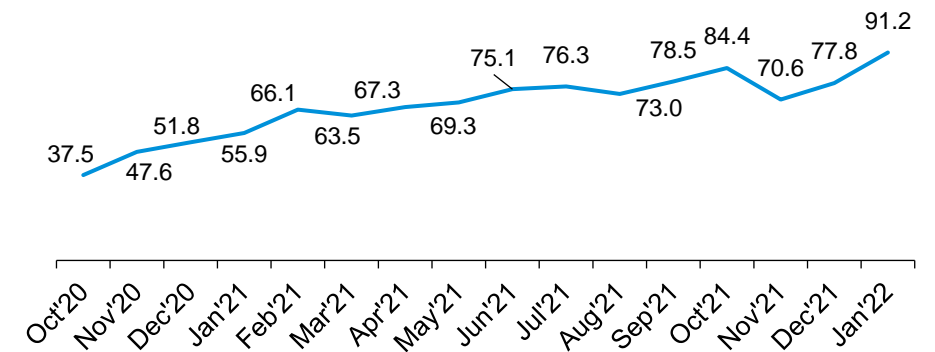


Demand for electricity (billion units)



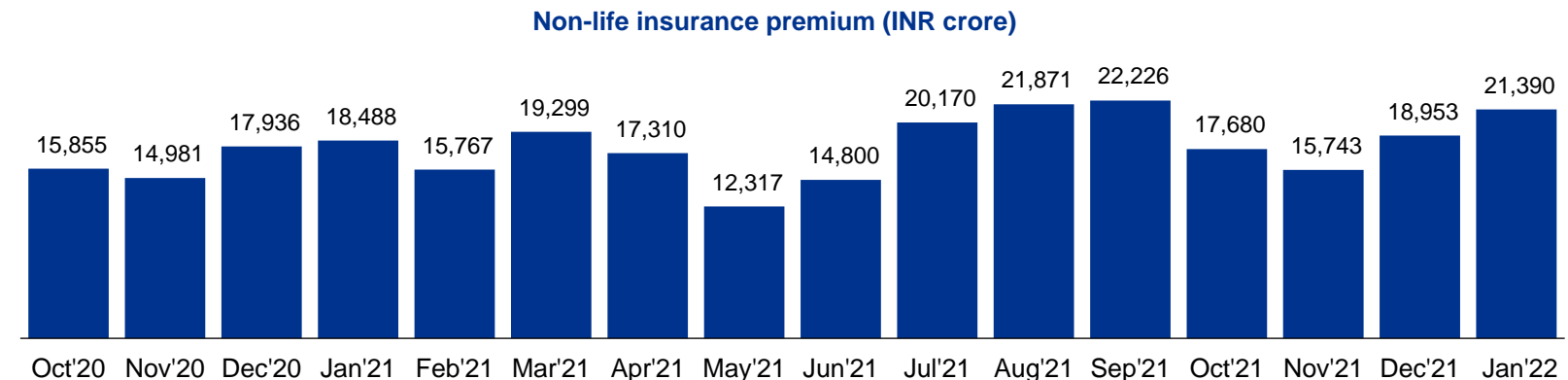
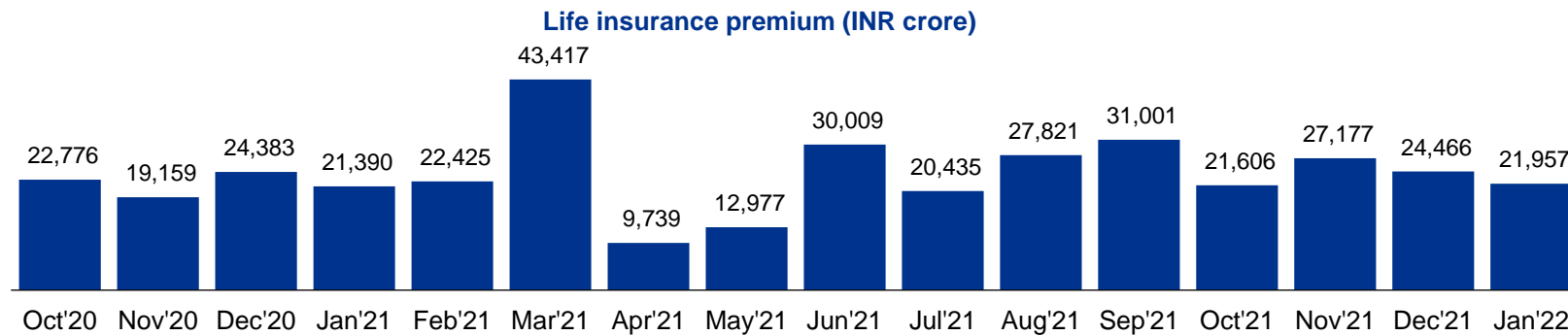
- The total demand for electricity in India from April to December 2021 reached 1,046.4 billion units, a y-o-y increase of 10 per cent.
- This was primarily due to stabilisation of economic activities, lower base, and a lower than normal monsoon, which resulted in higher electricity demand from the agriculture segment, particularly during July and August 2021.

Crude oil — Brent Prices (USD per barrel)



Note: 1 Does not include hydropower energy, GW= Gigawatts. Source(s): Consumption of petroleum products/natural gas", PPAC; "Monthly report", POSOCO; PPAC's Snapshot of India's Oil & Gas data July 2021, PPAC; "India's electricity demand expected to grow 8-8.5% in FY22: Icra", Livemint, 4 October 2021; "Rise in consumption of petrol and diesel in FY22 can absorb cut in cesses by Rs4.5/litre, without revenue loss to Gol relative to FY21: ICRA", IIFL Securities, 25 June 2021; "India's Electricity Demand to Rise; Sluggish Capacity Additions", Fitch Ratings, 16 July 2021; "Why crude oil prices are soaring once again", India Today, 22 January 2022; "Oil prices hit highest level since 2014 over supply concerns", Financial Times, 18 January 2022; all accessed on 9 February 2022

In January 2022, the NBP of the life insurance industry increased by 2.7 per cent y-o-y. However, poor growth was showcased by industry players, which led to a m-o-m fall



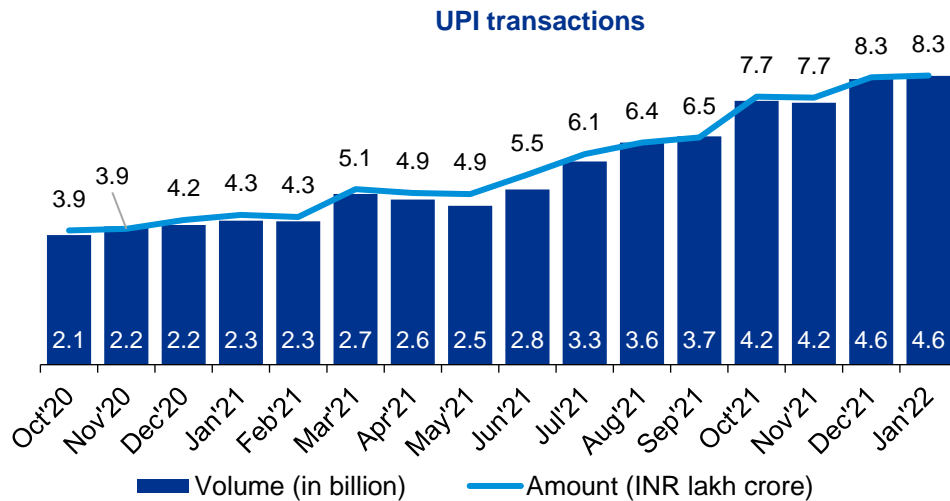
Key highlights

- In January 2022, the NBP of life insurers increased by 2.7 per cent y-o-y and decreased 10.3 per cent m-o-m, to INR21,957 crore
- This decline was a result of poor performance by private insurers and a degrowth by LIC. The Omicron variant and increase in term plan premium by many of the private players also contributed to the decline.
- Non-life insurers' premium income declined 15.7 per cent y-o-y in January 2022, to INR21,390 crore.
- In January 2022, the standalone private health insurers registered a growth of 36.3 per cent y-o-y in their premium income. However, specialised PSU insurers witnessed a substantial growth of 212.2 per cent.

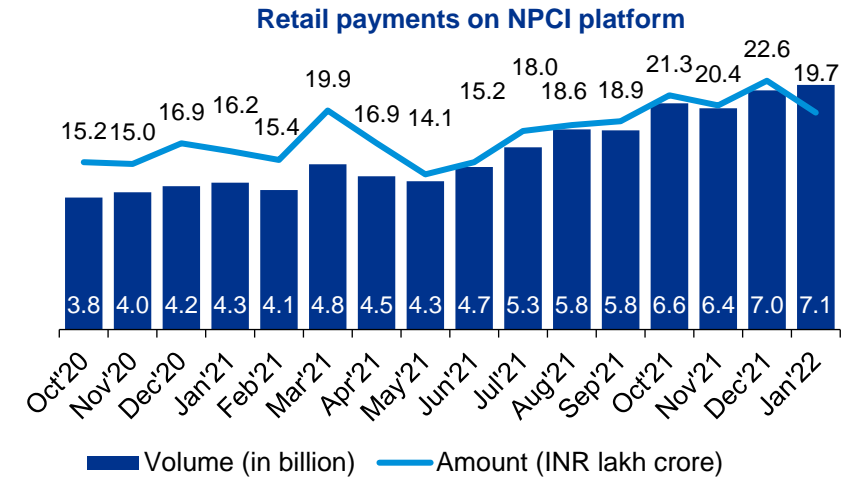
Note: Data on Life Insurance Premium is the total first year premium of all Life Insurers; Data on Non-Life Insurance Premium is the 'gross direct premium underwritten';

Source(s): "Monthly Business Figures, Life/ Non- Life Insurers", IRDAI; "New business premium of life insurance firms sees tepid growth", Business Standard, 8 February 2022; "State-wise number of reporting offices, aggregate deposit and bank credit of SCBs, Quarterly statistics on deposits and credit of SCBs", RBI; Indian General Insurance Industry Report, ICRA; "Life insurers report 11% YoY decline in new business premiums in July", Business Standard, 09 August 2021; "Non-life insurers' premium up 19.46% at Rs 20,000 crore in July", Business Standard, 12 August 2021; accessed on 9 February 2022

In October 2021, the volume of UPI transactions crossed 4 billion for the first time since its inception in 2016 and continued to showcase growth, reaching 4.6 billion in January 2022, owing to a surge in adoption of digital payments

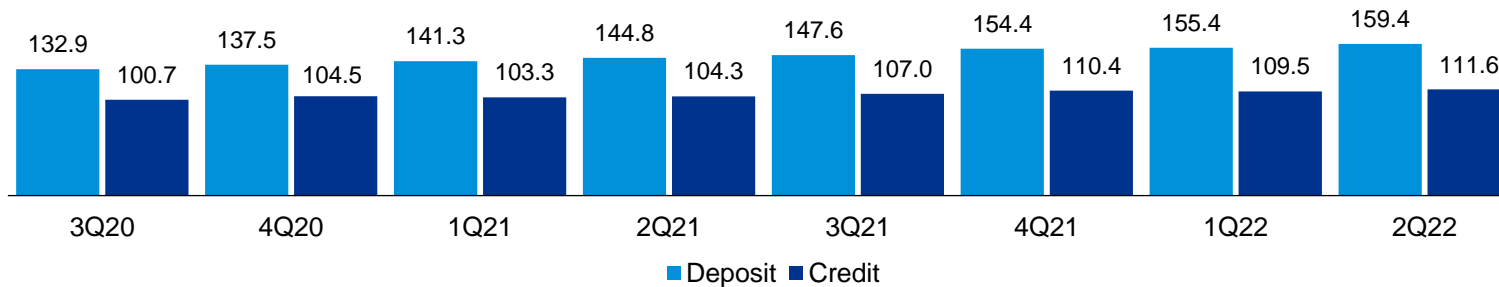


- In January 2022, the volume of UPI transactions increased by 75 per cent vis-à-vis April 2021, while the value of transactions grew by 68 per cent during the same period. The transactions have witnessed a surge June 2021 onwards.
- The surge in UPI transactions is a result of rapid adoption of digital payments induced by the pandemic.



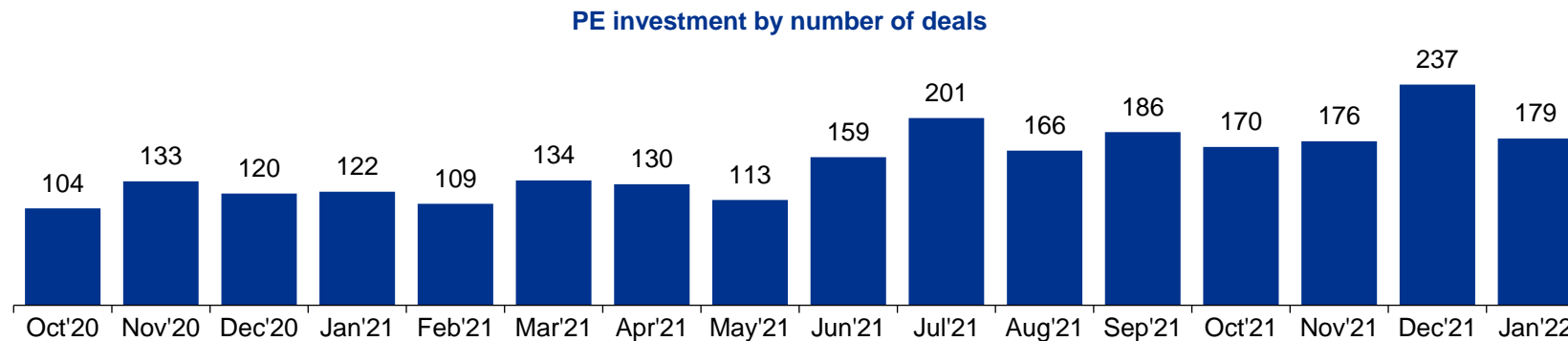
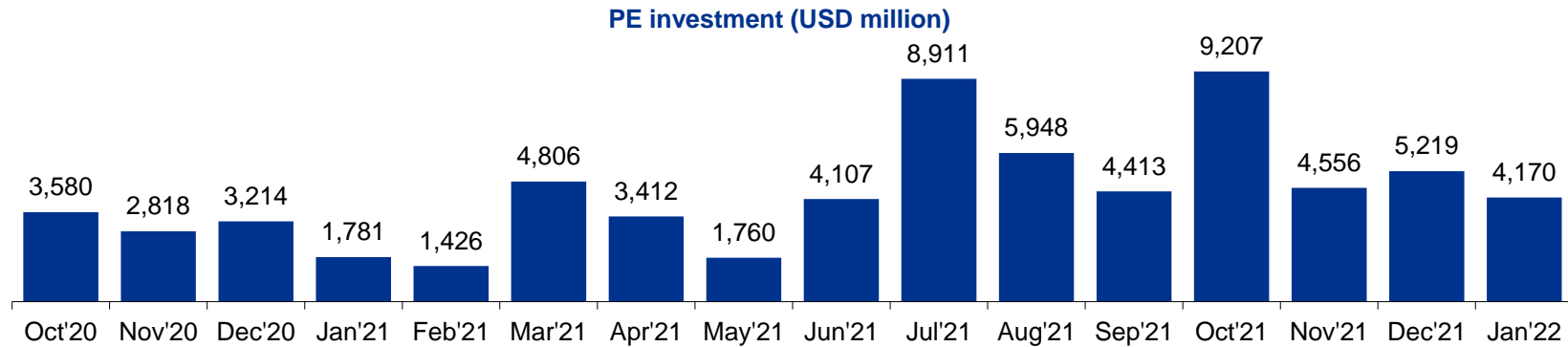
- In September 2021, bank credit grew by 7 per cent y-o-y while deposits grew by 10.1 per cent
- The y-o-y growth in credit by private sector banks, at 10.9 per cent, was much higher than that of public sector banks, which stood at 3.7 per cent. The deposit accretion in private sector banks also grew by 16.0 per cent compared with 7.4 per cent for the public sector.
- The country's credit-deposit (C-D) ratio fell to 70 per cent in September 2021, compared with 72 per cent in the previous year.

Quarterly bank deposit and credit (INR lakh crore)



Notes: 1) SCBs- Scheduled Commercial Banks 2) PSB: Public sector banks
 Source(s): Retail Payments Statistics on NPCI Platforms, Statistics; NPCI | UPI volume, value contract for first time in 10 months even as YoY growth nearly doubles, Financial Express, 14 June 2021; "Digital payments through UPI kickstart 2022 on strong foot with transactions worth Rs 8.32 lakh crore in Jan", Financial Express, 3 February 2022; UPI sets new record in July, The Hindu, 1 August 2021; UPI blows past 3 Bn transactions in July, Entracker, 2 Aug 2021; "State-wise number of reporting offices, aggregate deposit and bank credit of SCBs, Quarterly statistics on deposits and credit of SCBs; "RBI releases 'Quarterly Statistics on Deposits and Credit of SCBs: June 2021'", Reserve Bank of India, 31 August 2021; "RBI releases 'Quarterly Statistics on Deposits and Credit of SCBs: September 2021'", RBI, 26 November 2021; all accessed on 9 February 2022

PE investments increased by 97.5 per cent in Q3 FY22 vis-à-vis Q3 FY21, driven by the consumer services, healthcare, retail and software sectors



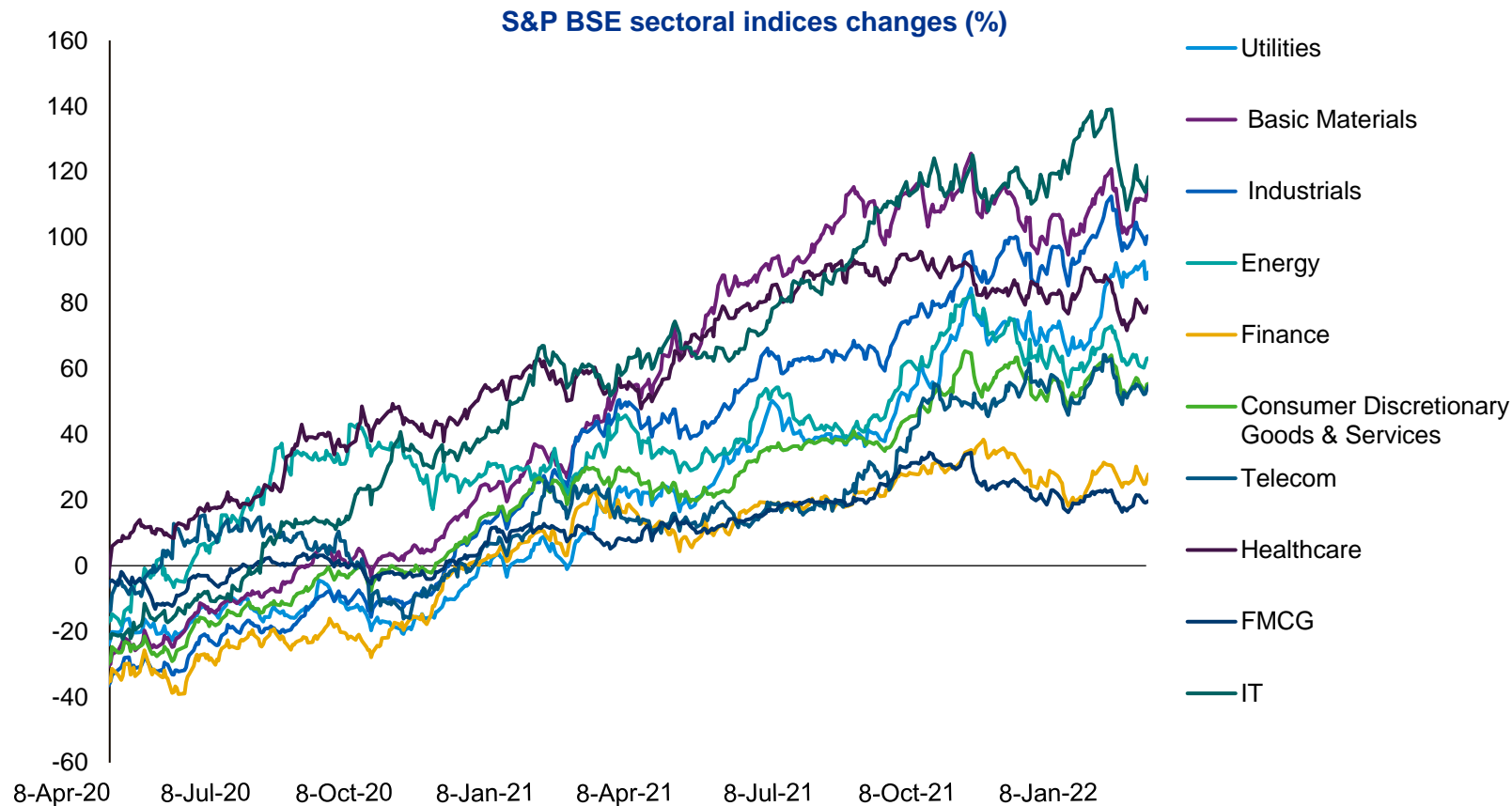
PE investments include PE, VC, Pre-IPO, Public equity and Angel/Seed funding

Key highlights

- PE investments in India (by value) decreased by 20.1 per cent in January 2022, compared with those in December 2021.
- However, PE firms invested USD18.9 billion across 583 deals during Q3 FY22, an increase of 97.5 per cent in investments, compared with the same period in the previous year.
 - Majority of the investments were attracted by firms in the internet and software sectors, owing to increasing digital adoption and growth opportunities across these sectors during the pandemic.
 - Consumer services, healthcare and retail were the other popular sectors attracting investors' interest in Q3 FY22.

Source(s): VCC Edge, accessed on 1 February 2022; PE investments into India double to \$11.82 b in first half of 2021: Refinitiv, The Hindu BusinessLine, 10 July 2021; "Pandemic accelerated India's digital adoption: Chandrasekaran", Mint, 12 January 2022; all accessed on 18 February 2022

The market witnessed a crash in January 2022, owing to indications of an increase in the interest rate and tightening of liquidity by the U.S. Federal Reserve



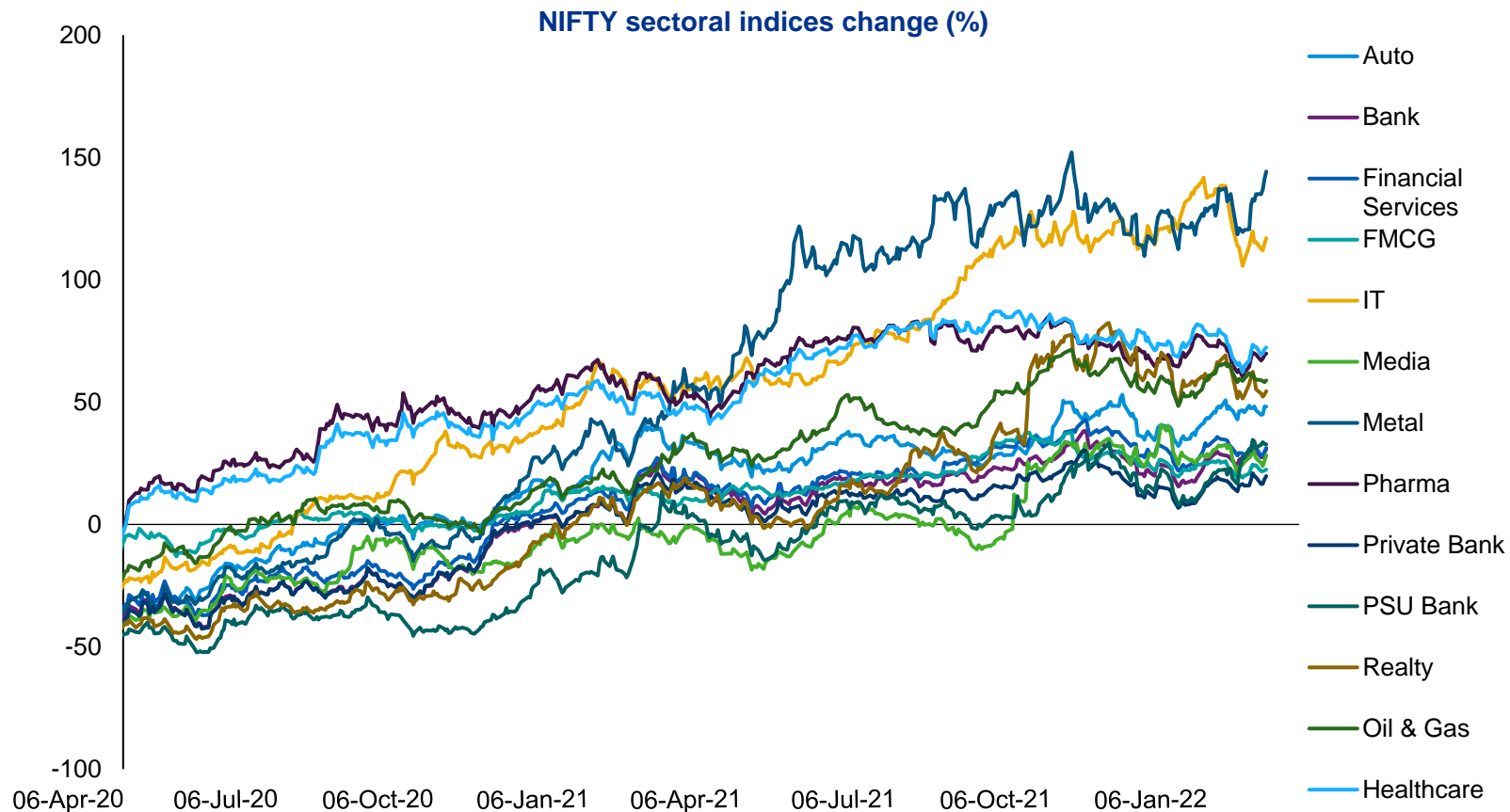
Key highlights

- The Sensex index witnessed a crash in January 2022 and closed at a loss of 1546 points on 24 January 2022.
- This was a result of indications that the U.S. Federal Reserve was aiming at increasing the interest rate and tightening the liquidity, which in turn led to a sharp fall in global markets.
- Additionally, after the Union Budget was presented in February 2022, the Sensex jumped by 848 points. Pharma, metals, IT, FMCG, and realty stocks witnessed gains.

Note: Change in Index value measured with respect to index value on 1-02-2020; S&P BSE Sectoral Indices are up to 10-02-2022; 1) Reported as of 11 February 2022

Sources: "Monthly Reports, India Index Dashboard", BSE; S&P Dow Jones Indices; "Sensex, Nifty post weekly gain on strong Q1 earnings, hopes of economic recovery", 28 August 2021, Business Today; "Sensex crosses 58,000 mark, just three days after crossing 57K", International Business Times, 03 September 2021; "Sensex crosses 58,000, Nifty 17,300: Should investors dabble in this market?", The Free Press Journal, 06 September 2021; "Explained: Why stock markets crashed on Monday, and what you should do now", The Indian Express, 25 January 2022; "D-Street welcomes Budget: Sensex jumps 848 pts; Nifty ends near 17,600; Livemint, 1 February 2022; all accessed on 11 February 2022

The NIFTY witnessed growth in the beginning of February 2022 on the back of various policy announcements in the Union Budget 2022



Key highlights

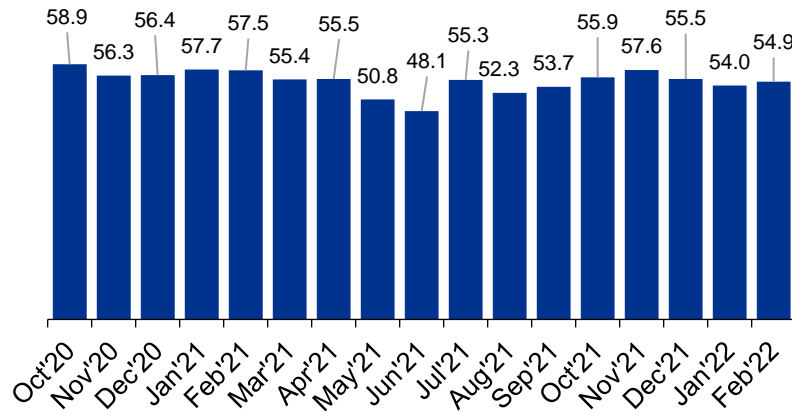
- On 2 December 2021, NIFTY bounced back to the previous levels, owing to the strong gains in IT stocks. The gains were the highest in the month, after witnessing a low due to concerns surrounding the Omicron variant of COVID-19.
- Announcements of the Union Budget 2022 had a positive impact on the NIFTY. The focus of the budget on sectors such as infrastructure, defence, and agriculture, and the measures announced to boost domestic manufacturing helped support the growth of the index in the beginning of February 2022.

Note: Change in Index value measured with respect to index value on 1-02-2020; NIFTY Sectoral Indices value taken up to 06-08-2021; NIFTY Sectoral Indices indicate closing value of index

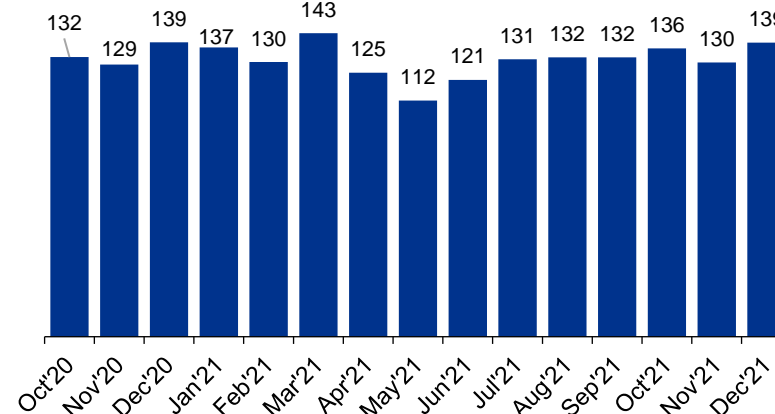
Sources: "Sectoral Indices, Historical Index data", NSE; "Nifty set to hit 17600 in September, Bank Nifty remains positive; RIL, SBI, Titan look strong on charts", Financial Express, 06 September 2021; "Another Week, Another Life-Time High!", SAMCO, 03 September 2021; "Nifty posts biggest one-day gain in a month. Analysts see good trading opportunity", Livemint, 2 December 2021; "Growth focussed Budget bolsters D-Street bulls; investors gain Rs 2.7 lakh cr", The Economic Times, 2 February 2022; "D-Street welcomes Budget: Sensex jumps 848 pts; Nifty ends near 17,600; Livemint, 1 February 2022; "Bulls cheer Budget 2022; Sensex ends 848 pts higher, Nifty above 17,550", Business Standard, 01 February 2022; all accessed on 11 February 2022

In February 2022, Manufacturing PMI stood at 54.9, after declining in the previous month. During April–December 2021, merchandise exports and imports grew by 48.9 per cent and 69.3 per cent, respectively, compared with the same period during the previous year

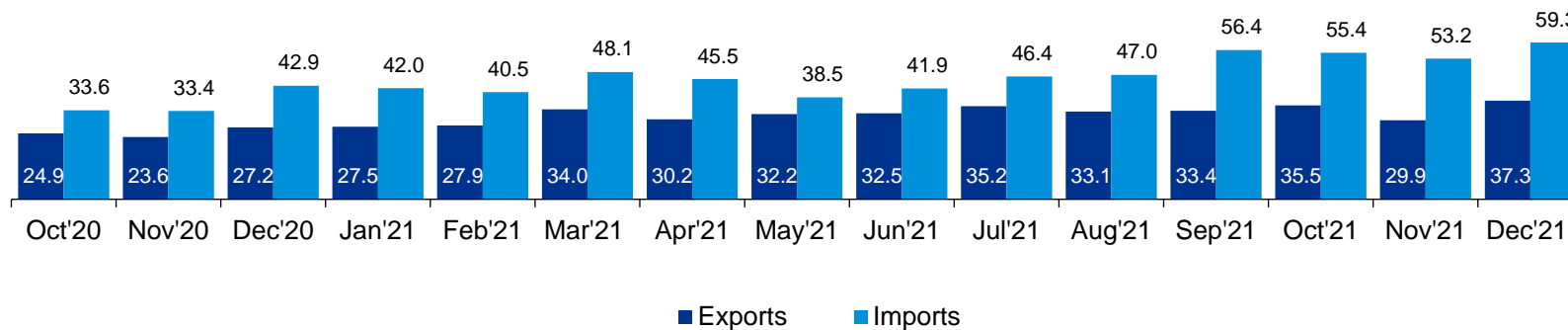
Manufacturing PMI



Manufacturing IIP



Merchandise import and export (USD billion)

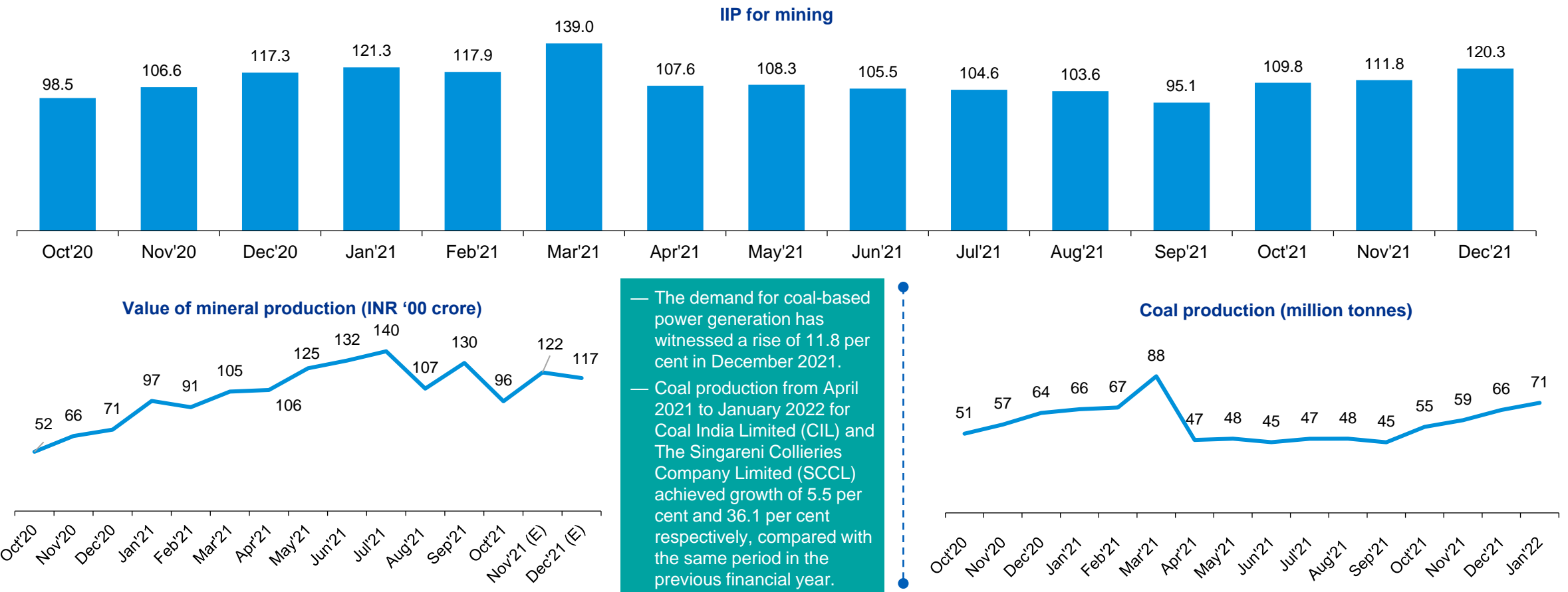


Key highlights

- Manufacturing PMI in India rose to 54.9 in February 2022, aided by a modest rise in new orders.
- Manufacturing firms increased production as well as buying activity, in response to a strong increase in new work intakes.
- India's merchandise exports hit a 12-month high of USD37.3 billion in December 2021, 37.0 per cent higher compared with December 2020.
- The rise may be ascribed to progress in outbound shipments of engineering, textiles and chemicals. Additionally, 23 export sectors witnessed a surge in December 2021.
- Merchandise exports from April–December 2021 also recorded an increase of more than 48.9 per cent y-o-y, while imports grew by 69.3 per cent during the same period.

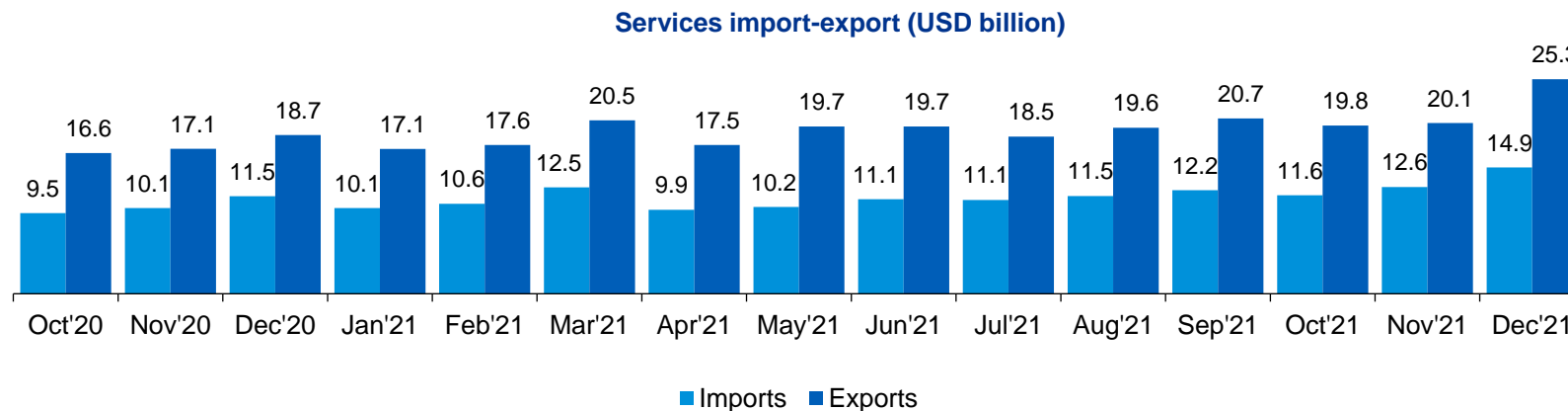
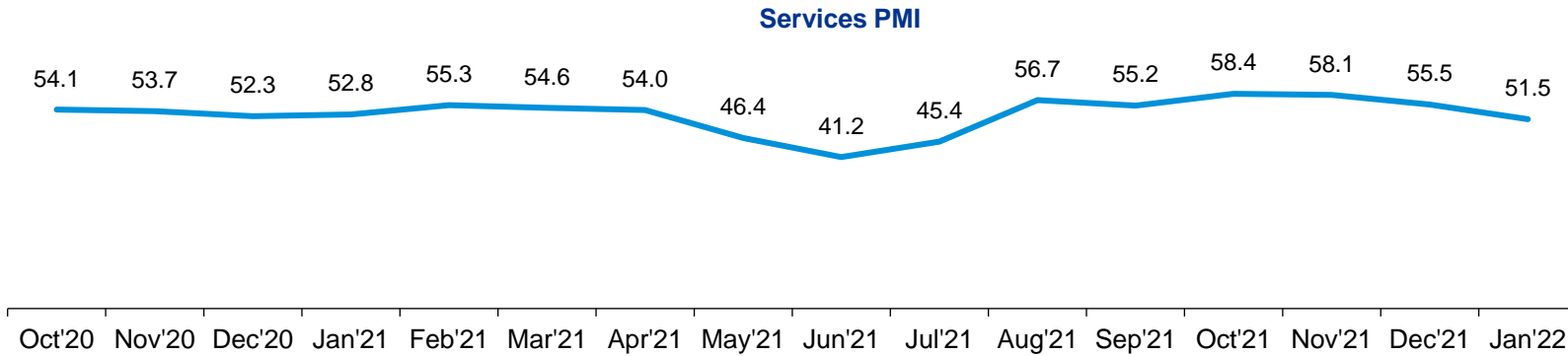
*Note: In PMI parlance, a print above 50 means expansion while a score below 50 denotes contraction. The Manufacturing IIP for November 2021 are quick estimates
 Source(s): "PMITM by IHS Markit", IHS Markit; "Trade Data & Statistics", Directorate General of Foreign Trade; IIP Press release, Ministry of Statistics & Programme Implementation; "India Manufacturing PMI", Trading Economics; Exports hit record high of \$35 bn in July; up 34% over pre-Covid level, Business Standard, 2 August 2021; At \$35 bn, July exports 34% higher than pre-COVID level, The Hindu, 2 August 2021; "INDIA'S MERCHANDISE TRADE: Preliminary Data December 2021", Ministry of Commerce and Industry, PIB, 03 January 2022; "India's Merchandise Exports Surge Around 48% In April-December 2021", Business Standards, 4 January 2022; "Exports, imports hit record highs in December", Economic Times, 15 January 2021; "India Manufacturing PMI", Trading Economics; all accessed on 9 February 2022

Coal production in India had increased during the third quarter of FY22, reaching 66 million tonnes in December 2021 and further increased to 71 million tonnes in January 2022



Note(s): 1. Covers metallic-ferrous and industrial minerals, but excluding fuel minerals, minor minerals and atomic minerals, 2. Combined coal production of CIL and SCCL, P- Provisional 3 Coal Production by CIL and SCCL, accounting for 90 per cent of the total output; E stands for estimated value; P stands for provisional value Source(s): "Monthly summary on minerals and metals", Ministry of Mines; "Monthly Summary for Cabinet, Ministry of Coal; "IIP for mining", MOSPI; "Coal India supply exceeds pre-COVID levels even as utilities face fuel shortage", The Economic Times, 03 September 2021; "Coal India ramps up supplies to address shortage at utilities", The Economic Times, 01 September 2021; "Why are India's power plants facing severe coal shortage?", SteelMint, 03 September 2021; "Why India needs to reduce its reliance on coal for power generation", Economic Times, 12 January 2022; "India's power demand expected to rise by 8-10% in FY22: HDFC Securities"Business Standard, 29 January 2022; "India's coal production stands at 74.8 million tonnes for December", The Hindu, 5 January 2022; all accessed on 10 February 2022

The PMI for services rose to the highest level (58.4) in October 2021 since October 2020. However, it declined to 51.5 in January 2022. Services trade has also witnessed a hike in December 2021 vis-à-vis December 2020



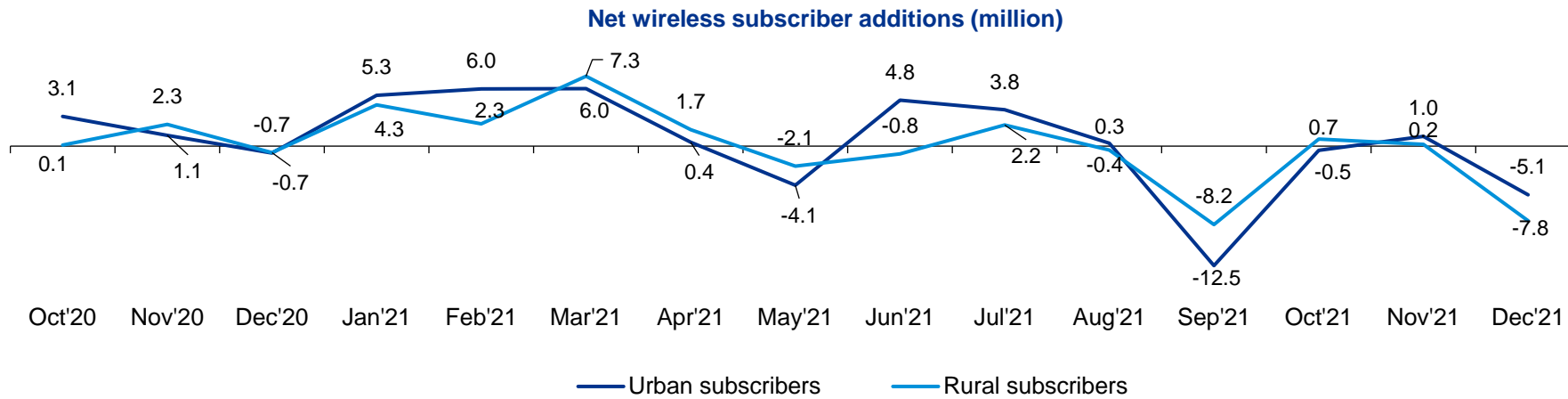
Key highlights

- In January 2022, the services PMI stood at 51.5, below the market expectation of 53
 - The rate of expansion in January 2022 was the lowest since July 2021, owing to rising output and orders at minor rates
- India's services exports witnessed an increase of 25.7 per cent in December 2021, as compared to the previous month
 - The service trade balance in December 2021 witnessed a decline of 9.4 per cent as compared to December 2020, reaching USD7.2 billion
- Services imports grew by 21.5 per cent in April–December 2021, vis-à-vis April–December 2020.

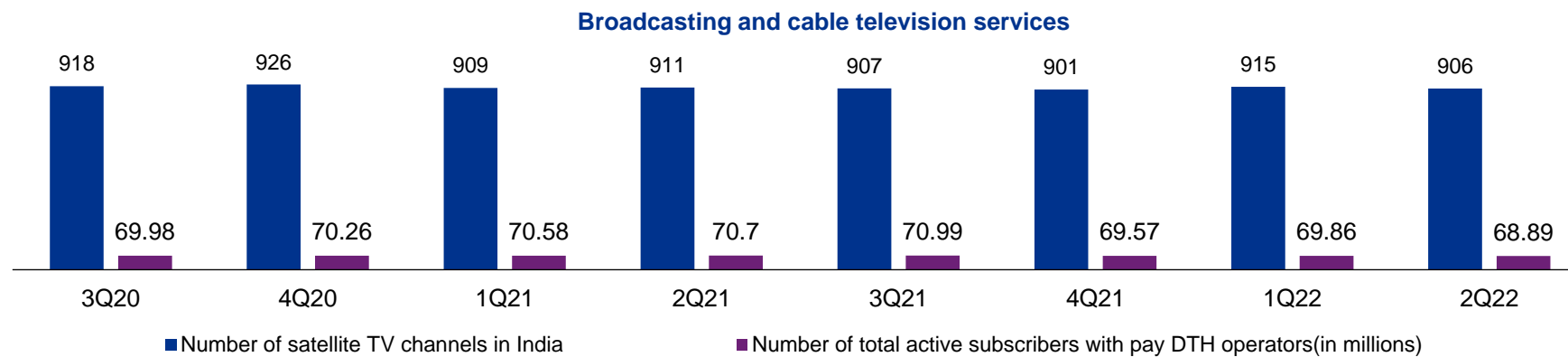
*Note: A PMI number greater than 50 indicates expansion in business activity. A number less than 50 shows contraction; Data on India's International Trade in Services are provisional

Source(s): IHS Markit India Services PMI, IHS Markit; Monthly data on India's International Trade in Services, RBI; "India Services PMI", Trading Economics; "INDIA'S FOREIGN TRADE: JULY 2021", Ministry of Commerce & Industry, PIB, 13 August 2021; "INDIA'S FOREIGN TRADE: December 2021", PIB, 14 January 2021; "India Services PMI", Trading Economics; accessed on 10 February 2022

Net wireless subscriber additions witnessed a huge fall in December 2021 amongst both urban and rural subscribers. Number of satellite television channels and active subscriber base with pay DTH operators also witnessed a decline in Q2 FY22 vis-à-vis Q1 FY22



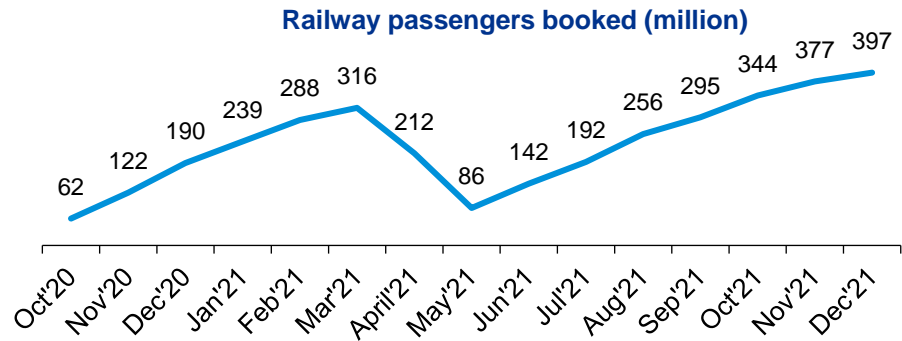
- The total number of wireless subscribers decreased by 1.1 per cent from November to December 2021, reaching close to 1.2 billion in December.
- Wireless subscriptions recorded a decrease of 0.8 per cent in urban areas and a decrease of 1.5 per cent in rural areas during November to December 2021.



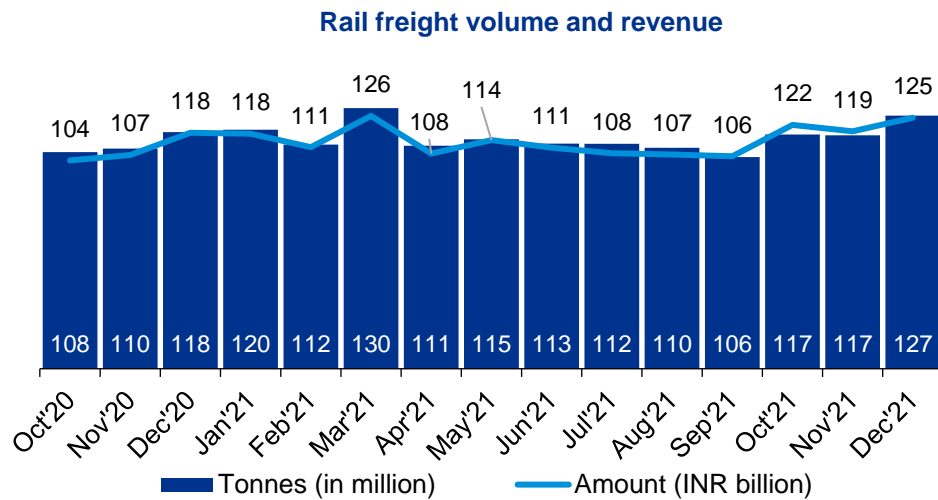
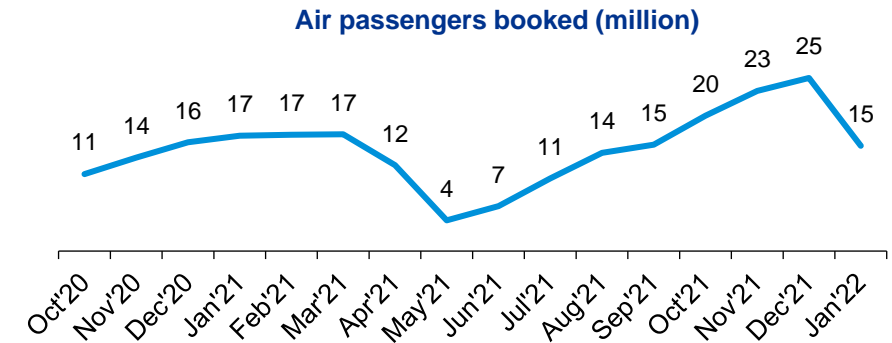
- Number of satellite television channels witnessed a decline of ~1 per cent in Q2 FY22 compared with Q1 FY22.
- Additionally, the active subscriber base with pay DTH operators have witnessed a dip of 1.4 per cent in Q2 FY22 vis-à-vis Q1 FY22, reaching 68.9 million in September 2021.

Note: The data for Broadcasting and cable TV series is as on the last day of the last month of the quarter., for instance, Q1 FY22 is 30th June 2021, Q2 FY22 is 30th September 2021.
 Source(s): "Telecom Subscription Data as on 3 December 2021", TRAI; "The Indian Telecom Services Performance Indicators", TRAI, 10 January 2022; all accessed on 17 February 2022

The passenger segments of railways and airlines recovered in Q2 FY22 and Q3 FY22 with increasing vaccination rates across the country. However, the change in freight volumes was small

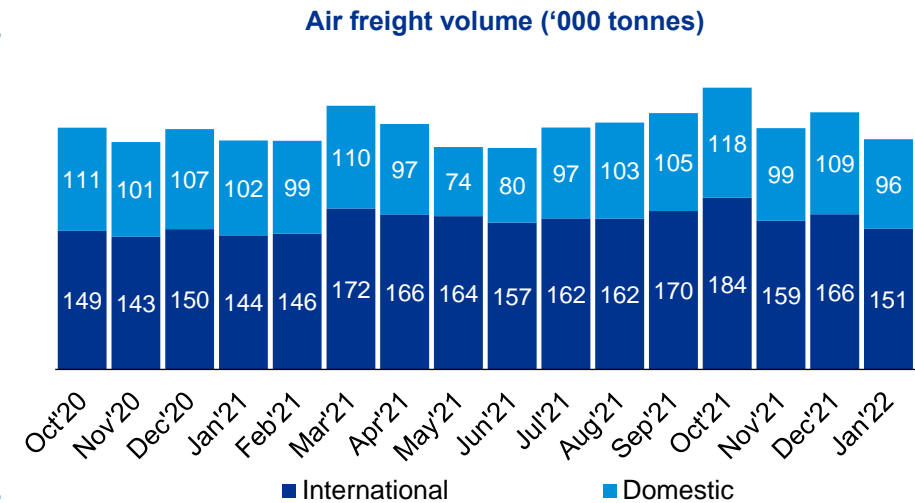


— The passenger booking for Indian Railways witnessed a significant rise, reaching 397 million in December 2021 after a dip in May 2021, owing to improvement in passenger traffic, which was earlier affected by the second wave of COVID-19.



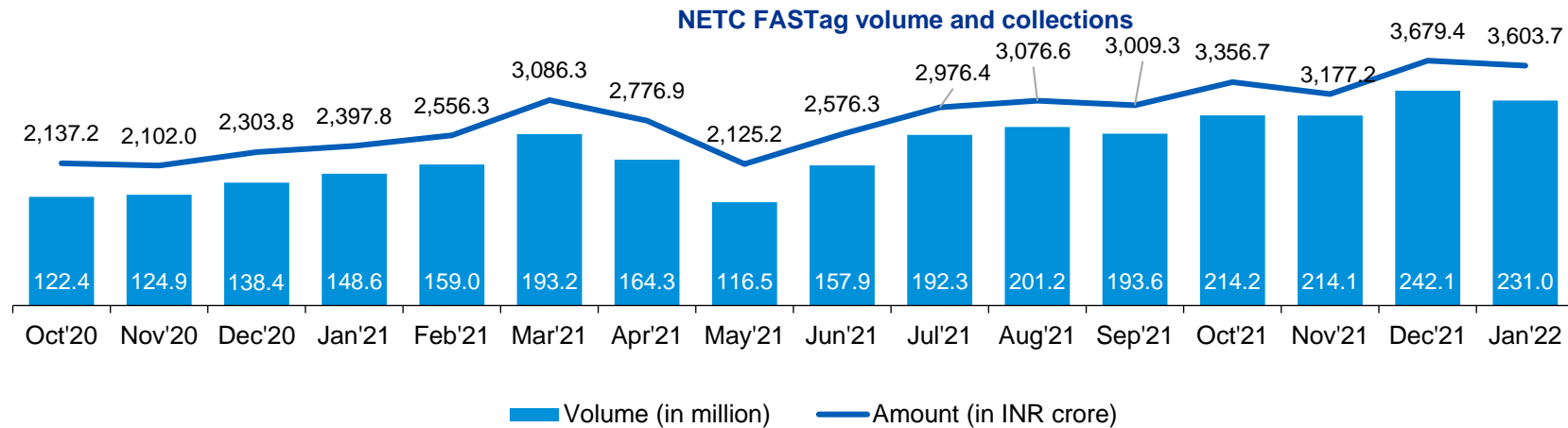
— Air traffic rose more than 69 per cent in Q3 FY22, reaching 25 million in December 2021, compared with Q2 FY22, with air travel rebounding with increased vaccination rates.

— Additionally, domestic air freight volumes increased 7 per cent in Q3 FY22, compared with Q2 FY22.

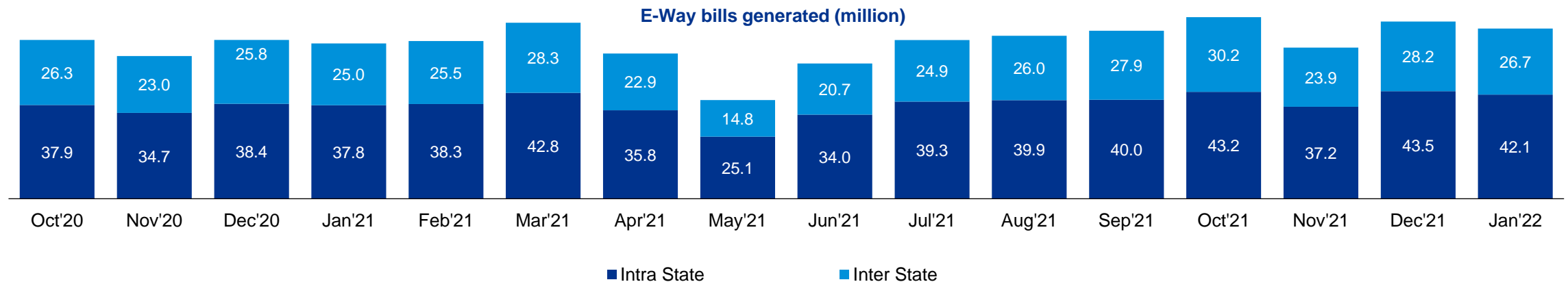


Source(s): "Monthly Evaluation Report up to Dec' 2021", Indian Railways; "Traffic News, Traffic News Summary", AAI; Indian Railways suffers loss worth Rs 38,017 crore in passenger earnings, Business Today, 24 March 2021; "India's July YoY domestic air passenger traffic rises: IATA", investment guru india.com, 02 September 2021; "Indian Railways' Passenger Occupancy Touches 80% After Drop in COVID-19 Cases", News18, 30 July 2021; "Railway revenue rises from passenger traffic, platform tickets", News India Express, 5 December 2021; "11.2 mn domestic air passengers in Dec; 6.6% higher than Nov: DGCA", Business Standard, 20 January 2022; all accessed on 10 February 2022

In December 2021, FASTag collections reached INR3,603.7 crore, an increase of 15.8 per cent m-o-m, owing to improvement in economic activities and resumption of toll collection



- The NETC FASTag collection witnessed a 148 per cent hike between April–January FY22 compared with the same period in FY20, which was the pre-pandemic period.
- Also, the NHAI witnessed the highest collection through the FASTag system between April–January FY22, since its inception in 2016. Additionally, the government is expecting the collection to increase to INR35,000 crore in FY23.



Source(s): NETC FASTag Product Statistics, NPCI; GST System Statistics, E- Way Bill Statistics, GSTN; "148% jump in FASTag revenue from April to January, says govt", Hindustan Times, 10 February 2022; "Highway toll collection up 16% month-on-month in December", Financial Express, 4 January 2022; Traffic back on highways! Rs 103 crore toll collected through FASTags by July 1, Financial Express, 5 July 2021; FASTag toll collections rise to almost pre-COVID-19 second wave levels in July, comes in at Rs 2,976 crore, Money Control, 3 August 2021; all accessed on 17 February 2022

Government initiatives



RBI has unveiled various reforms and measures to boost the overall financial position of the country and enhance liquidity within the system

Policy area	Description	Implication
<p>Measures by the central bank (RBI) as per latest MPC report</p>	<ul style="list-style-type: none"> — The surplus liquidity of RBI increased to an average of INR9 lakh crore per day in September 2021 compared with INR7 lakh crore during June–August 2021. It further increased to INR9.5 lakh crore on 6 October 2021. 	<ul style="list-style-type: none"> — This will facilitate a fast and robust economic recovery.
	<ul style="list-style-type: none"> — The per-transaction limit of Immediate Payment Service (IMPS) is proposed to increase from INR2 lakh to INR5 lakh. 	<ul style="list-style-type: none"> — This will help further drive digital payments and increase consumer convenience
	<ul style="list-style-type: none"> — To enhance the payments acceptance (PA) infrastructure across the country, the central body has proposed to introduce a new structure for utilising geo-tagging technology to identify the exact information on the location of all existing and new PA infrastructure. 	<ul style="list-style-type: none"> — This will help strengthen the Payment Infrastructure Development Fund (PIDF) framework of the Reserve Bank and improve the deployment of PA infrastructure
	<ul style="list-style-type: none"> — A new Internal Ombudsman Scheme (IOS) has been introduced by RBI for NBFCs having a large customer base. 	<ul style="list-style-type: none"> — This will improve protection of the customers and bolster the internal grievance redress mechanism of NBFCs
	<ul style="list-style-type: none"> — The banks are now allowed to infuse capital in their foreign subsidiaries and branches; hold profits in these centres; and repatriate/transfer profits with the approvals of their board if they meet the regulatory capital requirements, without prior information to the RBI. 	<ul style="list-style-type: none"> — This will provide better operational flexibility to banks
	<ul style="list-style-type: none"> — The government is aiming to provide a UPI-based payment product targeting feature phone users. 	<ul style="list-style-type: none"> — It will help promote digitisation by enabling digital payment solutions based on UPI among feature phone users
	<ul style="list-style-type: none"> — The RBI has launched the Retail Direct Scheme in November 2021, where payment options such as UPI and internet banking can be leveraged by retail customers for participating in primary and secondary markets. It was also proposed to raise the transaction limit for UPI payments for Retail Direct Scheme and Initial Public Offerings from INR2 lakh to INR5 lakh. 	<ul style="list-style-type: none"> — It will promote the participation of retail investors in areas such as investment in government securities and to further drive the use of UPI among these investors

Source: Press Releases – Governor’s Statement : February 10, 2022, RBI website; MPC Report, February 2022 ; RBI website; MPC Report, December 2021, “Retail Direct Scheme: RBI notifies market making plan to promote retail participation in G-Secs”, Economic Times, 4 January 2022; “IMPS limit to be increased from Rs 2 lakh to Rs 5 lakh: RBI Governor”, Business Standard, 8 October 2021; all accessed on 14 February 2022

RBI has unveiled various measures to bolster the economic situation of the country and promote digitization

Policy area	Description	Implication
<p>Measures by the central bank (RBI) as per the latest MPC report</p>	<ul style="list-style-type: none"> — The government has proposed to raise the investment limit under Voluntary Retention Route (VRR) to INR2.5 lakh crore from INR1.5 lakh crore from 1 April 2022. <hr/> — Indian banks shall be permitted carry out transactions in the offshore Foreign Currency Settled Overnight Indexed Swap (FCS-OIS) market with market makers such as non-residents. <hr/> — It is proposed to raise the cap on the amount for e-RUPI vouchers from central and state governments to INR1,00,000 per voucher from INR10,000 per voucher and permit the repeated use of these vouchers until the amount in them is fully redeemed. <hr/> — It is proposed that the National Automated Clearing House (NACH) mandate limit be increased to INR3 crore for Trade Receivables Discounting System (TReDS)-related settlements from the present cap of INR1 crore. 	<ul style="list-style-type: none"> — This will enhance capital availability for the domestic debt market, which includes government securities. <hr/> — This will lessen the segregation between the onshore and offshore markets, strengthen the interest rate derivatives market in India further, and facilitate improved price discovery. <hr/> — The delivery of different government schemes to the respective beneficiaries will be more efficiently facilitated. <hr/> — The increasing liquidity requirements of MSMEs can be financed with more ease.
<p>Sector-specific policies and reforms measures</p>	<p>Healthcare and contact intensive sectors:</p> <ul style="list-style-type: none"> — The Government of India along with World Bank and the Government of Meghalaya signed a USD40 million health project in the state of Meghalaya in November 2021. <hr/> — The government launched Ayushman Bharat Digital Mission in September 2021. Additionally, each individual will be provided a digital health ID under this mission. 	<ul style="list-style-type: none"> — The project will facilitate better health services and bolster the state's capacity to handle future health emergencies more efficiently. <hr/> — The mission will link the digital health solutions of hospitals across the country with each other.

Source: Press Releases – Governor's Statement : October 08, 2021, RBI website, April-June 2021; MPC Report, October 2021; Press Releases – Governor's Statement : February 10, 2021, RBI website,; MPC Report, February 2022 ; December 8, 2021, RBI website,; MPC Report, December 2021; all accessed on 14 February 2022

The RBI and the Government of India announced reforms and measures for various sectors such as agriculture, healthcare and tourism to drive economic growth

Policy area	Description	Implication
Sector specific policies and reforms measures	<p>Agriculture:</p> <ul style="list-style-type: none"> — The government aims to empower farmers under the Sub-Mission on Agricultural Mechanisation (SMAM) scheme by releasing funds for various activities of farm mechanisation to different states — It also allocated INR2,250 crore (USD306.8 million) for development of the horticulture sector during 2021–22. — In September 2021, the Government of India announced the Digital Agriculture Mission 2021–2025. — The government launched the Dairy Sahakar scheme in Anand, Gujarat in October 2021. 	<ul style="list-style-type: none"> — This is likely to help maximise the productivity of the available cultivable area and enhance the reach of farm mechanisation to small and marginal farmers and difficult-to-reach areas. — It will also promote the holistic growth of the horticulture sector. — The mission focuses on aiding and accelerating projects based on new technologies, such as AI and block chain. — This scheme is launched to uplift and strengthen the dairy sector in the country.
Production-Linked Incentive (PLI)	<p>New sectors added</p> <ul style="list-style-type: none"> — The Union Cabinet has also approved a five-year PLI scheme for specialty steel. Incentives of INR6,322 crore are to be provided for the manufacture of specialty steel products in India. — 20 key players have been selected for the Champion OEM (original equipment manufacturer) Incentive Scheme under the automobile sector PLI scheme. — Additionally, the government has sanctioned INR76,000 crore under the scheme to encourage manufacturing of various semiconductor goods within India. 	<ul style="list-style-type: none"> — The specialty steel PLI is likely to bring in fresh investments and lead to capacity additions for specialty steel. — The scheme will likely minimise the country's reliance on imports and help manufacture a range of semiconductor goods in India.
National Monetisation Pipeline (NMP)	<ul style="list-style-type: none"> — The Government of India has unveiled a four-year National Monetisation Pipeline (NMP) worth ~INR6 lakh crore, spread over a four-year period, from FY22 to FY25. — It aims to unlock value in public sector brownfield assets and utilise those funds for infrastructure across country. — Among the assets to be monetised, roads, railways and power sector assets will account for more than 66 per cent of the total estimated value of the assets to be monetized. 	<ul style="list-style-type: none"> — The scheme would fund new capital expenditure without pressuring government finances — This would likely shore up economic growth with a focus on infrastructure expansion, which will also generate employment across the country.

Source: Press Releases – Governor's statement, RBI website, April-June 2021; "Boost to the tourism sector in India! Modi gov announces this scheme for tourist guides, travel agencies; details, The Financial Express, 28 June 2021; Government unveils package to tame Covid-19 impact, The Mint, 29 June 2021; "Farm Mechanization - A mandatory change; Empowering farmers through Sub-Mission on Agricultural Mechanization (SMAM)", 14 June 2021; "DIGITAL AGRICULTURE - THE FUTURE OF INDIAN AGRICULTURE", IBEF; "Union Minister Amit Shah launches the "Dairy Sahakar" scheme", Current Affair, 1 November 2021; all accessed on 14 February 2022

The government also unveiled new bills and laws addressing dam safety, surrogacy and pharmaceutical education and research

Policy area	Description	Implication
<p>Major bills and acts</p>	<p>The Dam Safety Bill, 2021 — The bill will facilitate surveillance, inspection, operation and maintenance of the specified dam and provide an institutional mechanism to ensure safe operations.</p>	<p>— This will prevent dam failure-linked disasters and will ensure its safe functioning.</p>
	<p>The Assisted Reproductive Technology (Regulations) Bill, 2021 — The bill seeks to provide establishment of the National Board, the state boards and the National Registry to regulate and supervise reproductive technology clinics and banks in the country.</p>	<p>— This will provide safe and ethical practice of assisted reproductive technology services and prevent its misuse.</p>
	<p>The Surrogacy (Regulation) Bill, 2021 — The bill provides rules and regulations for the surrogacy practice in the country.</p>	<p>— This aim of the bill is to protect the surrogate mother and the children born via surrogacy.</p>
	<p>The National Institute of Pharmaceutical Education and Research (Amendment) Bill, 2021 — The bill seeks to set up a central body, the Council, for institutes established or to be established under the National Institute of Pharmaceutical Education and Research Act.</p>	<p>— The aim of the bill is to integrate coordinated development of pharmaceutical education and research and maintain same standards across all the institutions.</p>
	<p>The High Court and Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2021 — The bill amends the pension provisions for retired judges and provides them with additional benefits.</p>	<p>— This provides an additional amount of pension for retired judges, from the first day of the month in which they complete a specified age as opposed to the first day of them entering that age.</p>
	<p>The Narcotic Drugs and Psychotropic Substances (Amendment) Bill, 2021 — The bill substitutes clause (viii b) in place of clause (viii a) in section 27A of the NDPS Act.</p>	<p>— This improves interpretation and implementation of the NDPS Act.</p>

Source: "Bills List", Ministry of Parliamentary Affairs; "Airports Economic Regulatory Authority of India (Amendment) Bill, 2021 introduced in Lok Sabha", Tribune India, 24 March, 2021; "The Mines and Minerals (Development and Regulation) Amendment Bill, 2021", PRSIndia; Cabinet approves Amendments to the Finance Bill, 2021, The Times now news; Rajya Sabha returns bill to end all retrospective taxation, The Hindu, 9 August 2021; "Parliament passes bill to set up National Bank for Financing Infrastructure and Development", Economic Times, 25 March 2021 all accessed on 11 August 2021; "Winter Session, 2021 of Parliament adjourned sine die today", PIB, 22 December 2021; all accessed on 14 February 2022

The center has also unveiled new bills to promote sectors such as insurance. A bill to eliminate vote duplication was also passed

Policy area	Description	Implication
<p>Major bills and acts</p>	<p>The Delhi Special Police Establishment (Amendment) Bill, 2021 — The bill aims to increase the tenure of Director of the Central Bureau of Investigation by up to one year.</p> <hr/> <p>The Central Vigilance Commission (Amendment) Bill, 2021 — The bill seeks to extend the tenure of Director of the Directorate of Enforcement by up to one year.</p> <hr/> <p>The Election Laws (Amendment) Bill, 2021 provides — The bill enables the linking of electoral roll data with the Aadhaar ecosystem.</p>	<p>— This bill was passed in view of public interest.</p> <hr/> <p>— This bill was passed in view of public interest.</p> <hr/> <p>— This may eliminate duplicity of votes and prevent multiple enrollments of the same person.</p>

Source: "Bills List", Ministry of Parliamentary Affairs; "Airports Economic Regulatory Authority of India (Amendment) Bill, 2021 introduced in Lok Sabha", Tribune India, 24 March, 2021; "The Mines and Minerals (Development and Regulation) Amendment Bill, 2021", PRSIndia; Cabinet approves Amendments to the Finance Bill, 2021, The Times now news; Rajya Sabha returns bill to end all retrospective taxation, The Hindu, 9 August 2021; "Parliament passes bill to set up National Bank for Financing Infrastructure and Development", Economic Times, 25 March 2021 all accessed on 11 August 2021; all accessed on 14 February 2022

Budget announcements



The Union Budget 2022 outlined inclusive development, improvement of productivity, transition of energy and climate action as the four cornerstones of development guided through the PM Gati Shakti initiative

Sectors	Announcements	Implication
<p>Transportation and infrastructure</p>	<ul style="list-style-type: none"> — In the Union Budget 2022, the fund allocation to the Ministry of Road Transport and Highways witnessed a 68 per cent rise, reaching INR1,99,107.71 crore. Also, railways have been allocated INR140,367.13 crore. <hr style="border-top: 1px dashed #ccc;"/> — The government announced formulation of the PM Gati Shakti Master Plan for expressways during 2022–23. Additionally, to complement public resources, INR20,000 crore will be raised through innovative means of financing. <hr style="border-top: 1px dashed #ccc;"/> — The government declared its plan to increase the national highways in the country by 25,000 kms during FY23. <hr style="border-top: 1px dashed #ccc;"/> — The National Ropeway Development Programme will be carried out using a PPP model. <hr style="border-top: 1px dashed #ccc;"/> — In the Union Budget 2022, the Finance Minister announced plans to launch 400 Vande Bharat semi high speed trains. Additionally, 100 PM Gati Shakti cargo terminals are expected to be created in the next three years. <hr style="border-top: 1px dashed #ccc;"/> — The Union Budget 2022 allocated INR60,000 crore to Nal se Jal scheme, to provide tap water to 3.8 crore households. <hr style="border-top: 1px dashed #ccc;"/> — The budget announced an allocation of INR48,000 crore for urban and rural beneficiaries of the PM Awas Yojana with an aim to complete 80 lakh homes in FY23 as part of this scheme. <hr style="border-top: 1px dashed #ccc;"/> — The Finance Minister announced a new scheme, PM's Development Initiative for Northeast (PM-DevINE). Additionally, to execute the initiatives for the development of the north-eastern region of the country, the government announced a budget allocation of INR1,500 crore. 	<ul style="list-style-type: none"> — To enable efficient, faster and better movement of people and goods. <hr style="border-top: 1px dashed #ccc;"/> — To offer improved logistics solutions to people residing in remote areas. <hr style="border-top: 1px dashed #ccc;"/> — To provide households sustainable water supply connectivity and access to clean drinking water by 2024. <hr style="border-top: 1px dashed #ccc;"/> — To provide sustainable economical housing for middle class and economically weaker sections. <hr style="border-top: 1px dashed #ccc;"/> — To facilitate development and support livelihood activities of youth and women in the north-eastern region.

Source: Union Budget 2022-23, GoI, "Union Budget 2022 | Road transport sees 68% hike in allocation", The Hindu, 2 February 2022; "Railway Budget 2022 Highlights: In Nirmala Sitharaman's big billion blueprint, Indian Railways is a clear winner", Financial Express, 1 February 2022; "Budget 2022: Govt allocates Rs 48k crore for universal housing, pushes for easy approvals for middle class and EWS in urban areas", The Indian Express, 2 February 2022; "Budget 2022: Development Initiatives in North-East", Investing India, 1 February 2022; "Budget 2022-23: Expanding the 'Har Ghar Nai Se Jal' Scheme", Invest India, 1 February 2021; "Union Budget: Railways gets ₹1,40 lakh crore; 400 Vande Bharat trains in three yrs", Hindustan Times, 1 February 2021; "Union Budget 2022: Highlights for rail, metro and urban transportation sector", Urban Transport News, 1 February 2022; "Budget 2022 Live Updates: Focus of Budget on providing basic amenities to poor, middle class, says PM Modi", The Indian Express, 2 February 2022; all accessed on 04 February 2022

The government unveiled various initiatives and policies such as kisan drones, chemical-free natural farming, PPPs, and a new battery swapping policy to boost agriculture and automobile sectors

Sectors	Announcements	Implication
<p>Agriculture</p>	<ul style="list-style-type: none"> — In the Union Budget 2022, the government allocated INR2.37 lakh crore for direct payments of minimum support price (MSP), with an aim to support wheat and paddy farmers. <hr style="border-top: 1px dashed #ccc;"/> — The budget also announced implementation of the Ken Betwa Link Project, which will aid 9.1 lakh hectare farmland, deliver drinking water to 62 lakh people and produce 130MW power. Additionally, five more similar projects are underway. <hr style="border-top: 1px dashed #ccc;"/> — The government announced plans to utilize kisan drones to assist farmers in crop assessment and spaying of insecticides. <hr style="border-top: 1px dashed #ccc;"/> — The government announced its intent to provide digital and hi-tech services to farmers through PPP mode. <hr style="border-top: 1px dashed #ccc;"/> — The government announced plans for a blended capital fund, to be set up under the co-investment model, for financing startups in agriculture and rural enterprise. It would be administered by NABARD. 	<ul style="list-style-type: none"> — To provide support and assured income to farmers. <hr style="border-top: 1px dashed #ccc;"/> — Emphasis on greater technology adoption in the farming sector — PPP mode can promote better collaboration between private agritech players and public research institutions, and thereby provide digital and hi-tech services to farmers.
<p>Automobile</p>	<ul style="list-style-type: none"> — In the Union Budget 2022, the government announced a new battery swapping policy to benefit the electric vehicle ecosystem. <hr style="border-top: 1px dashed #ccc;"/> — The government announced that it is planning to boost and promote integration of electric and clean vehicles into the public transport. 	<ul style="list-style-type: none"> — Promote electric vehicle production as well as adoption in the country for a sustainable future.

Source: Union Budget 2022-23, Gol, "Union Budget 2022: What's in it for the automotive sector", Auto Hindustan Times, 1 February 2022; "Union Budget 2022: Key Highlights For The Auto Industry", Car and Bikes, 1 February 2022; "Union Budget 2022 focuses on farmers, agriculture productivity", India Today, 1 February 2022; "Key Features Of Budget 2022-2023", Indian Budget, 1 February 2022; "Union Budget 2022 | Agri-tech: drones, start-up fund in focus", The Hindu; 1 February 2022; "Budget 2022: Kisan drones, services in PPP mode, chemical-free natural farming to open new doors for agriculture", Zee News, 1 February 2022; all accessed on 04 February 2022

The administration announced various initiatives and policies such as National Digital Health Ecosystem and National Tele Mental Health Programme to bolster growth in healthcare sector. Additionally, it proposed plans to introduce 5G in the country

Sectors	Announcements	Implication
Healthcare	<ul style="list-style-type: none"> — The government plans to roll out a National Digital Health Ecosystem, also known as Ayushman Bharat Digital Mission, which will comprise of digital registries of healthcare providers and facilities, distinctive health identity, universal access to health facilities, and consent framework. — The Union Budget 2022 allocated INR86,200.65 crore to the healthcare sector, more than a 16.5 per cent hike from the previous year. — The government also announced a hike in the budget allocation for some of the healthcare reforms. For instance, the Pradhan Mantri Swasthya Suraksha Yojana's allocation was increased to INR10,000 crore. The budget for the Ayushman Bharat Digital Mission also saw a massive rise to INR200 crore. — The government launched the National Tele Mental Health Programme in order to provide improved access to high-quality mental health counselling and care. The program will comprise 23 tele-mental health centres of excellence and will have the National Institute of Mental Health and Neurosciences as the nodal centre and IIT Bangalore for technical support. 	<ul style="list-style-type: none"> — To provide convenient healthcare access to citizens and enhance the 'ease of living' of the people to create a healthier India. — To enhance the quality of medical education, as well as facilities in India. — To provide help to people suffering from mental health issues, especially the ones arising from the COVID-19 pandemic.
Telecom	<ul style="list-style-type: none"> — In the Union Budget 2022, the Finance Minister announced plans to auction 5G spectrum in 2022, facilitating 5G services rollout in FY23 by private players. — The government announced a proposal to award contracts for optical fibre laying across all villages as well as remote areas under the Bharatnet project through the PPP mode during 2022–23. This project is estimated to be completed by 2025. 	<ul style="list-style-type: none"> — To enable growth and provide job opportunities. — To bolster digital connectivity in villages and remote areas.

Source: Union Budget 2022-23, Gol, "Key Announcement of the Sectors", KPMG; "Union Budget 2022 | 5G services auction, roll-out likely in 2022-23, says FinMin", The Hindu, 1 February 2022; "Union budget 2022: Centre to stress on digital health care", Hindustan Times, 2 February 2022; "Budget 2022: Booster Dose For Healthcare Sector | Key Takeaways", India.com, 1 February 2022; "Budget: Health sector allocation sees 16% hike to Rs 86,200 cr", Rediff.com, 1 February 2022; "Budget 2022-2023, Speech of Nirmala Sitharaman", Government of India, 01 February 2022; all accessed on 15 February 2022

The Union Budget 2022 has proposed various new initiatives such as Digital University and Central Bank Digital Currency and announced a new taxation policy on VDA transactions, aimed at the education and financial service sector

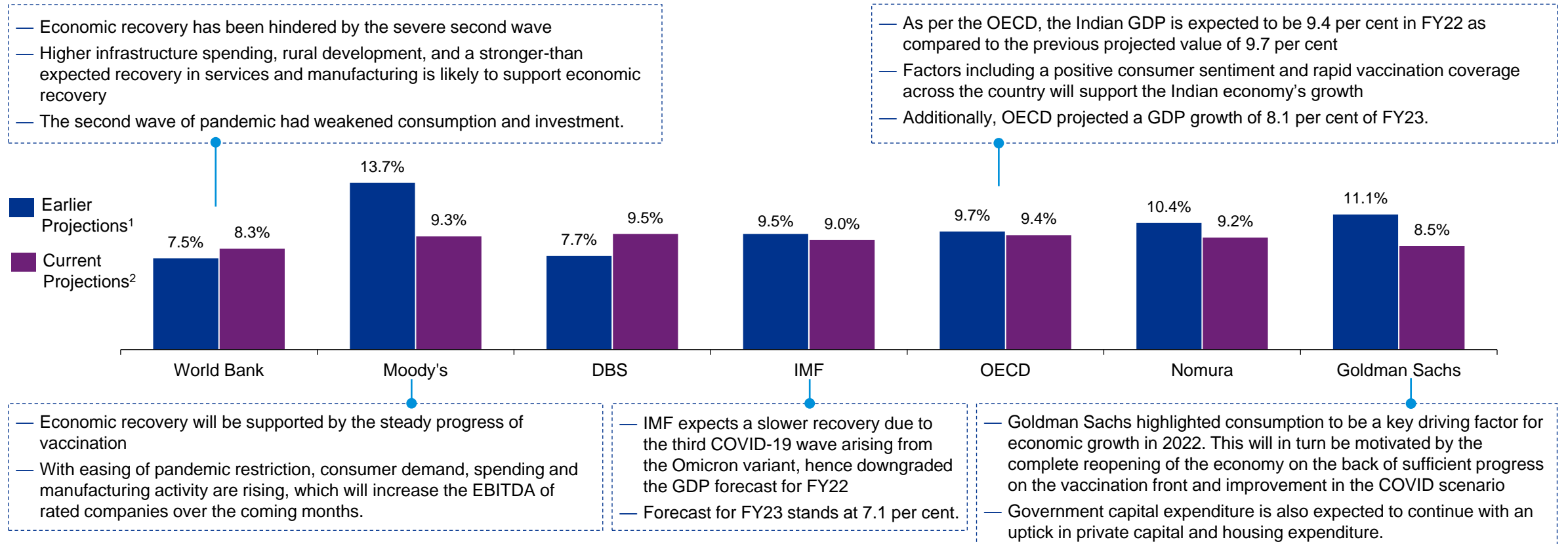
Sectors	Announcements	Implication
Education	<ul style="list-style-type: none"> — The government announced expansion of 'one class-one TV channel' programme of PM eVIDYA to 200 TV channels from 12 TV channels. — The Union Budget 2022 focused on digital learning. For instance, the budget announced that a Digital University will be established, which will impart education in different regional languages. — The Union Budget 2022, allocated INR1,04,278 crore to the education sector, a 11.86 per cent hike from the previous year. 	<ul style="list-style-type: none"> — To facilitate supplementary education in regional languages for classes 1–12 across the country. — To provide students across the country with enhanced and world class quality universal education.
Financial services	<ul style="list-style-type: none"> — In the Union Budget 2022, the Finance Minister announced introduction of Central Bank Digital Currency, also known as Digital Rupee by RBI. This will be rolled out using blockchain and other technologies. — In the Union Budget 2022, the Finance Minister announced establishment of 75 Digital Banking Units across 75 districts. — The government announced the implementation of a 30 per cent tax on virtual digital asset (VDA) transactions. Additionally, the administration decided to levy a TDS of 1 per cent on transactions beyond the monetary threshold. — The government announced extension of Emergency Credit Line Guarantee Scheme (ECLGS) till March 2023. The cover of the ECLGS will be expanded to INR5 lakh crore from INR4.5 lakh crore. The additional amount is reserved for hospitality and related sectors. 	<ul style="list-style-type: none"> — Will bolster a digital economy and provide the benefits of digital banking to every citizen; will provide a currency management system that is cheaper and more efficient. — Will validate the trading of cryptocurrencies and non-fungible tokens (NFTs). — Was launched to assist business enterprises and MSMEs with credit facilities in the wake of COVID-19.

Source: Union Budget 2022-23, GoI, "Education Budget 2022 increases by 11.86%: Major areas of union budget allocation, schemes covered, new plans", India Today, 1 February 2022; "Budget 2022 on Education: 'Great to see the budget emphasizing education'", Financial Express, 8 February 2022; "Union Budget 2022: Focus on regional languages; new digital university, skill courses announced", The Indian Express, 2 February 2022; "Budget 2022: Govt proposes 30% tax on digital assets, netizens react with memes", The Indian Express, 1 February 2022; "Budget 2022: Emergency Credit Line Guarantee Scheme Extended Till March 2023", NDTV, 1 February 2022; "Budget 2022: 75 digital banking units to be set up across 75 districts", Business Today, 1 February 2022; "Budget 2022: Industry Experts Welcome Crypto Tax, CBDC", India.com, 4 February 2022; all accessed on 15 February 2022

Outlook



GDP growth forecast for FY22 (comparative analysis)

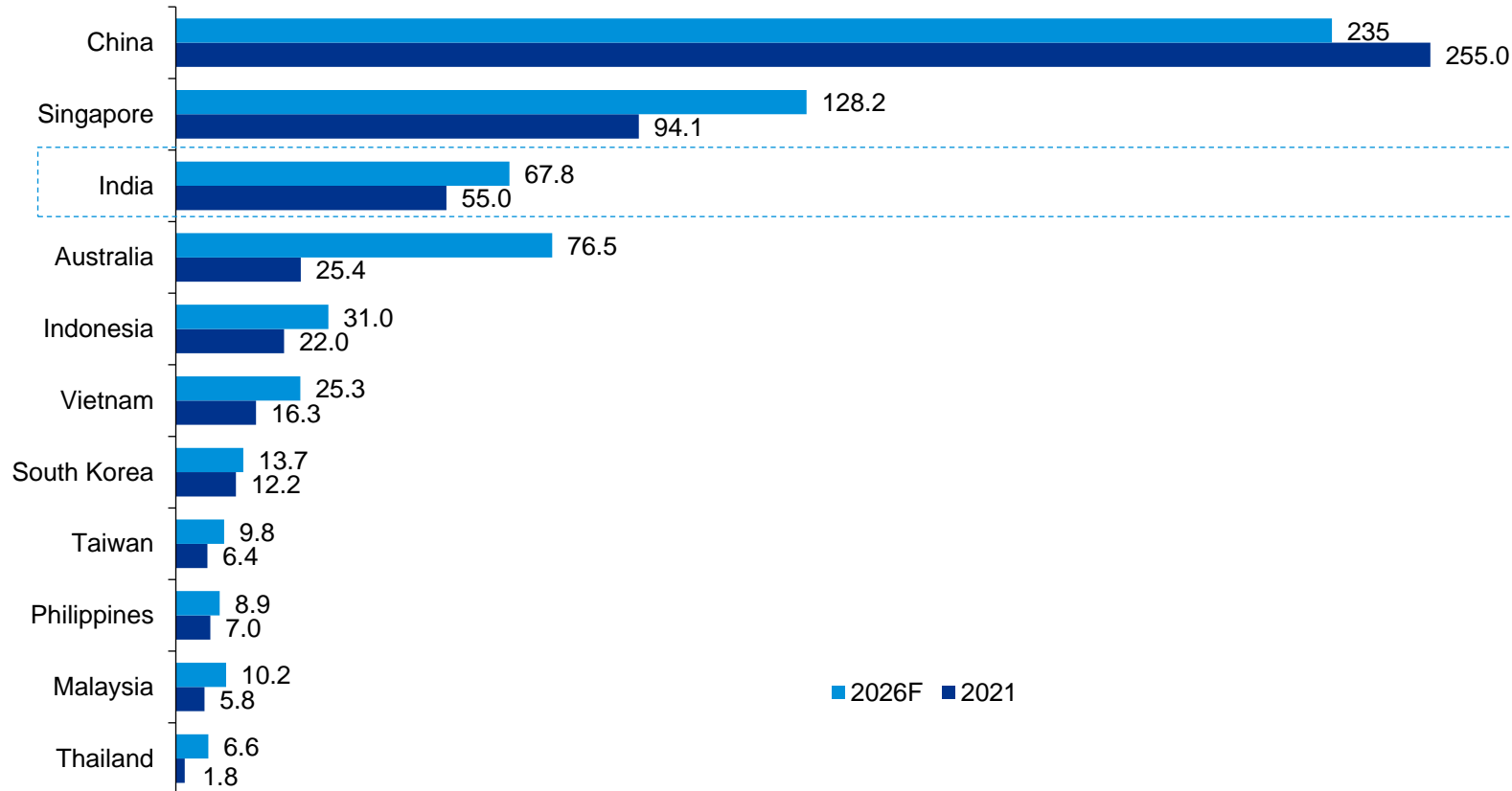


Note: 1) Current projections refer to ones post the second wave of COVID-19 while earlier refer to the projections before the second COVID-19 wave
 Sources: "Global growth to slow through 2023, adding to risk of 'Hard Landing' in developing economies, World Bank, 11 January 2022; 'India Budget: Capex-push and new priorities, modest consolidation', DBS, 1 Feb 2022 'r 2021; 'Moody's changes India's rating outlook to stable from negative, affirms Baa3', Moody's, 5 October 2021, "World Economic Outlook (update), IMF, January 2022; "India Economic Snapshot – Economic Forecast Summary, OECD, December 2021; "Goldman Sachs, others raise India's FY22 GDP growth forecast", Business Standard, 23 November 2021; "Nomura keeps India's GDP growth forecast unchanged at 9.2% in FY22", CME, 1 December 2021; all accessed on 15 February 2022

India compared to peers — FDI inflows

In 2021 India witnessed a 26 per cent y-o-y decrease in FDI, resulting from non repetition of large merger and acquisition deals that were recorded in 2020

FDI inflows¹ (USD billion)



- As per a report by the United Nations, in 2021, FDI in India declined by 26 per cent y-o-y, due to non repetition of large merger and acquisition deals that were recorded in 2020. India received FDI inflow of USD54.10 billion in April-November 2021
- Contraction resulted from the second wave of COVID-19 affecting the economic activities. Also, there was a decline in greenfield projects by 19 per cent to USD24 billion in 2021
- Additionally, in last 5 years, India has received a total FDI of USD339.55 billion, owing to government policies such as 100 per cent FDI under the automatic route.

F indicates forecast

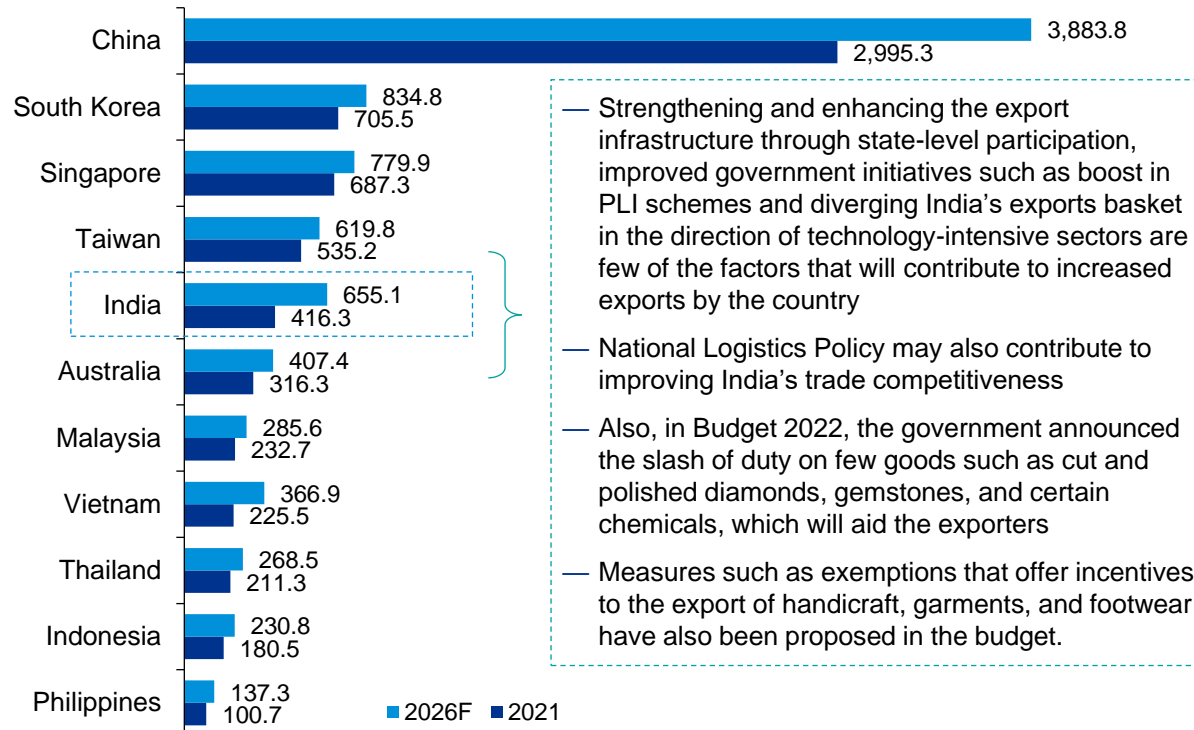
Notes:(1) FDI data for Thailand, Taiwan, Australia, Vietnam and India in 2020 are estimates

Sources: "FDI inflow data", EIU database; "Foreign Direct Investment flows to India slip 26% in 2021: UN report", Business Standards, 20 January 2022; "India received \$339.55 billion FDI in last 5 years", Economic Times, 9 February 2022; "FDI flows to India slip 26% in 2021: UN report", Economic Times, 20 January 2022; "India receives FDI worth USD 54.1 bn during Apr-Nov", The Economic Times, 02 February 2022; all accessed on 15 February 2022

India compared to peers — Trade of goods and services

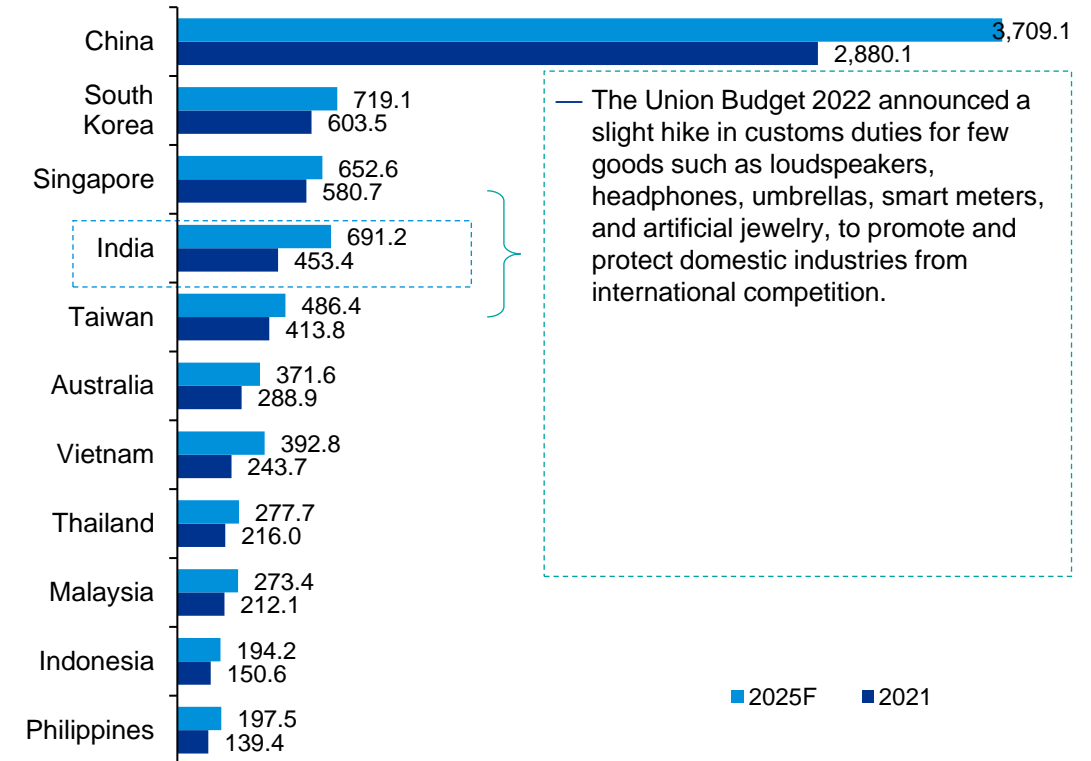
The outlook for Indian exports seems to be positive on the back of improved external demand and gradual opening of the global economy, while the imports are also expected to increase

Real export of goods and services ^{1, 2} (USD billion)



- Strengthening and enhancing the export infrastructure through state-level participation, improved government initiatives such as boost in PLI schemes and diverging India's exports basket in the direction of technology-intensive sectors are few of the factors that will contribute to increased exports by the country
- National Logistics Policy may also contribute to improving India's trade competitiveness
- Also, in Budget 2022, the government announced the slash of duty on few goods such as cut and polished diamonds, gemstones, and certain chemicals, which will aid the exporters
- Measures such as exemptions that offer incentives to the export of handicraft, garments, and footwear have also been proposed in the budget.

Real import of goods and services ^{2, 3} (USD billion)



- The Union Budget 2022 announced a slight hike in customs duties for few goods such as loudspeakers, headphones, umbrellas, smart meters, and artificial jewelry, to promote and protect domestic industries from international competition.

F indicates forecast

(Notes: (1) Exports are calculated as Exports of goods, free-on-board (fob) basis + Payments received for services rendered to overseas residents and companies (export of services); (2) Export-Import figures for Philippines (for goods), Vietnam and Taiwan in 2020 are estimates; (3) Imports are calculated as Imports of goods, free-on-board (fob) basis + Payments made for overseas services rendered to domestic residents and companies (import of services) 4) Calculations are different from the last release to avoid exchange rate fluctuations induced by converting Local Currency Units to USD5.) Exchange rate for conversion is considered as on 31 December 2021

Sources: "Import/Export figure", Economic Intelligence Unit (EIU) database, Amid COVID-19 pandemic, exports could come as a saviour for India, Business Standard, 25 April 2021; India's Foreign Trade, CARE Ratings, 16 April 2021; India's exports surge 60% in March, fall by 7.2 per cent in FY21, 15 April 2021, The Economic Times; Trade Talk: China is now second-largest export destination, behind only US, Business Insider, 7 June 2021; "How Budget 2022 can show the way to be atmanirbhar and reduce India's dependence on China", Economic Times, 28 January 2022; "The uneven nature of India's export growth", Business Line, 4 January 2022; "Union Budget gives booster dose to India's export sector.", ANI News, 1 February 2022; "Explained: Import duty changes in Budget 2022, and its significance", The Indian Express, 3 February 2020; all accessed on 17 February 2022

The government has announced key infrastructure projects as part of the Union Budget 2022–23

Gati Shakti National Master Plan

- On 13 October 2021, the government launched the Gati Shakti National Master Plan, a digital platform bringing together 16 ministries including railways and roadways and working towards collective planning and implementation of infrastructure connectivity projects.
- With an aim to facilitate easy and all-round planning for stakeholders across key infrastructure projects, it will offer information to the public and the business community on forthcoming infrastructure projects on connectivity, other business hubs, industrial areas and the surrounding environment.
 - This is likely to help investors plan suitable locations for their businesses, thereby leading to improved synergies.
 - It will help generate new employment opportunities, reduce logistics costs, improve supply chains.
 - It will help ensure multi-modal connectivity to facilitate seamless and integrated connectivity for the transport of goods, people and services.

Prime Minister's Development Initiative for North-East (PMDevINE)

- In the Union Budget 2022–23, the government announced a new scheme, PMDevINE, to be executed through the North-Eastern Council. An **INR1,500 crore** allocation has initially been made for this scheme.
- Some key highlights of this scheme include:
 - It is expected to support and bolster the infrastructure through funding.
 - It will also fund social development projects depending on the requirements of the North-East.
 - It will help facilitate youth and women with livelihood activities.

Parvatmala: National Ropeways Development Programme

- In the Union Budget 2022–23, the government announced the National Ropeways Development Programme, which will be implemented through the **PPP mode**. Under this scheme, the execution of **8 ropeway projects covering 60 km** will be sanctioned in FY23.
 - This scheme will improve connectivity and make travel convenient for commuters in hilly areas as well as promote tourism
 - It will be an ecologically sustainable alternative compared to conventional roads
 - The ropeway will cover the urban areas as well where it is difficult to implement a conventional mass transit system.

Sources: PM launches Gati Shakti- National Master Plan for infrastructure development, Ministry of Ports, "BUDGET 2022-2023", India Budget 2021; 1 February 2022; "Union Budget 2022: Centre announces 8 ropeway projects in FY 2022-23 to boost tourism", English Jagran, 1 February 2022; all accessed on 16 February 2022

The government has announced a flagship scheme for the healthcare sector, focused on improving the healthcare infrastructure of the country

Pradhan Mantri Atmanirbhar Swasth Bharat Yojana (PMASBY)

- On 25 October 2021, the Prime Minister launched PMASBY in Varanasi, Uttar Pradesh, with a focus to improve and strengthen the healthcare infrastructure in the country. This is among the largest countrywide schemes in India. The main objective of the scheme is to fill in the major gaps and enhance the public health infrastructure in urban and rural areas, focusing on critical care facilities and primary care.
- Some key benefits of this scheme include:
 - It will facilitate support to 17,788 rural health and wellness centres across 10 states. Additionally, a total of 11,024 urban health and wellness centres are expected to be set up across all the states.
 - In districts having a population of over 5 lakh, critical care services will be provided via exclusive hospital blocks. Referral services will be utilized to cover the other districts.

Sources: "Prime Minister Atmanirbhar Swasth Bharat Yojana: Know all about the scheme", Hindustan Times, 25 October 2021; all accessed on 16 February 2022

The government pegs India's economic growth at 9.2 per cent for FY22, which is the highest among all large global economies



India's economic resilience was highlighted in the overall sharp rebound that was displayed by the economy in FY22, as emphasized in the Finance Minister's budget speech in February 2022. The core sector growth¹ was up by 3.8 per cent in December 2021, after recording a nine-month low the previous month, with all industries, other than steel and crude oil, displaying a rise.



The RBI has retained its CPI inflation projection for FY22 at 5.3 per cent, with the value expected to ease to 4.5 per cent in FY23 on the back of supply chain constraints easing and the threat of Omicron decreasing. However, rising crude oil prices pose a threat to inflation values, with elevated core inflation values. The pass-through of tax reductions on petrol and diesel implemented in November are also expected to aid in reducing input cost pressures.



In its announcement on 10 February 2022, the MPC decided to keep repo rate and reverse repo rate steady at 4 per cent and 3.35 per cent, respectively, which maintains a balance between inflation and growth. The MPC also agreed to carry on with this accommodative stance for as long as needed to drive economic recovery and sustained growth on a durable basis and continue to ease the economic strain caused by COVID-19.



As a result of an investor-friendly FDI policy, the inflow of FDI into the country reached a new record in FY21, at USD81.97 billion. An optimistic FDI inflow, coupled with a confident outlook in overall business sentiment, fuels expectation of a positive outlook for the industry.

1. The core sector comprises coal, crude oil, natural gas, refinery products, fertilisers, steel, cement, and electricity



The capital expenditure planned by the central government as part of the Union Budget 2022–23 is expected to drive the sustained economic recovery of the country in the coming financial year. The budget outlay of capital expenditure for FY23 has been increased y-o-y by 35.4 per cent to INR7.5 lakh crore, amounting to 2.9 per cent of the GDP.



The slew of infrastructure projects announced in the Union Budget 2022, including expansion of highway network by 25,000 km, the development of four Multimodal Logistics Parks using the PPP mode, eight ropeway projects under the Parvatmala scheme, 400 new-generation Vande Bharat trains, and the development of 100PM Gati Shakti Cargo Terminals for multimodal logistics will not only improve connectivity and aid the logistics sector, but also bolster growth in industries such as construction.



The announcement of extension of the ECLGS to March 2023 and earmarking an additional INR50,000 crore to its guarantee cover exclusively for the hospitality sector, will help the pandemic-affected businesses in this sector bounce back to their pre-pandemic levels of operation. This announcement is particularly expected to benefit micro and small enterprises in this sector.



Widespread vaccination has helped keep the proportion of fatalities in the third wave of COVID-19 considerably below the values during the previous wave. As of 17 February 2022, ~174 crore doses of COVID-19 vaccines have been administered in India.



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