



Data Dashboard

January 2022

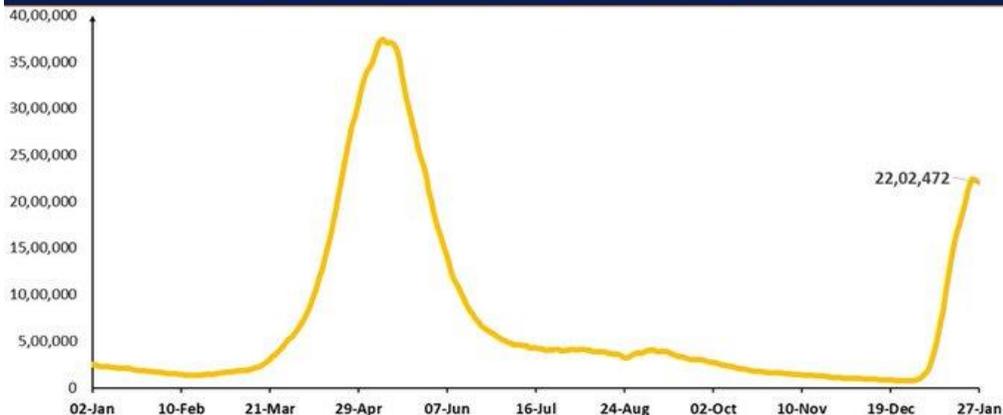
Economic Affairs & Research Division
Federation of Indian Chambers of Commerce & Industry

Highlights

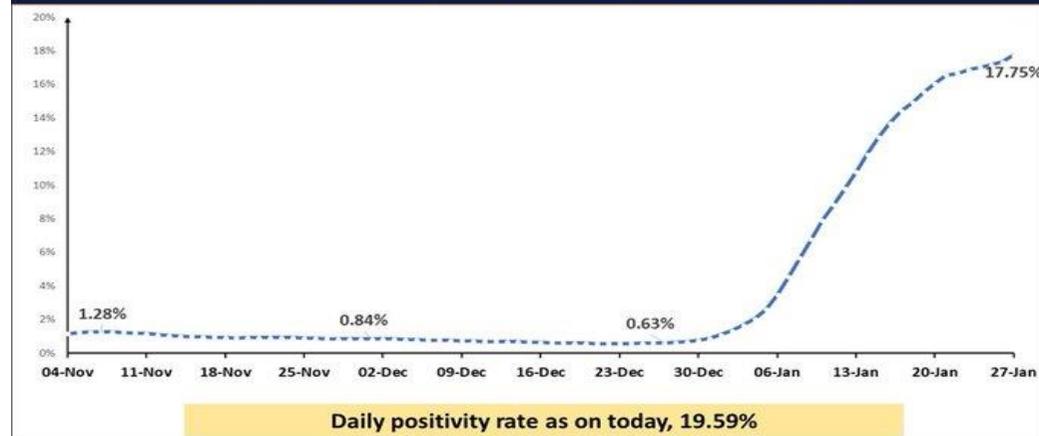
- The year 2022 began on a difficult note for India - with the country reeling under the third wave of the pandemic. The omicron variant of the virus unlike the other variants has spread at an unprecedented rate, first taking urban centres under its grip and now reaching the rural areas. As on Jan 26, 2022, the country has clocked over 3 lakh new cases (7 day moving average) each day for about a week - reporting a weekly positivity rate of about 17.0 percent.
- However, despite the massive infectivity rate, what has been a respite this time is the limited burden seen on the health care infrastructure. The hospitalization rates have been low – with about 80-85% of the hospital beds staying vacant. Also, according to the latest studies by IIT, Chennai the R value is coming down after touching a high of 4.0 in the first week of January 2022. India's R value has dipped to 1.57 between Jan 14-21 from a high of 4.0 observed between Jan 1-6. Also, the vaccination drive for those between 15-18 years/precautionary dose to health care workers/elderly has progressed well during the month. The cases are already plateauing in some regions of the country. Nonetheless, considerable uncertainty continues to remain on fore and some states are witnessing a significant surge in cases - including the southern states of Tamil Nadu, Kerala and Karnataka.
- The calibrated lockdowns resulting from the third wave of the pandemic did have some impact on economic activity - which will be evident in the data in the coming weeks. The contact based services sector has once again faced the maximum brunt. Sectors including travel/tourism, hotels and restaurants, retail had to go through considerable moderation in business activity.
- Nonetheless, the first advance estimate of GDP for the year 2021-22 was put at 9.2 percent by the Ministry of Statistics and Programme Implementation earlier this month. This estimate might go through a marginal downward revision as the impact of the ongoing wave of the pandemic caused by the omicron variant will be evident in the Q4 numbers. FICCI also completed the latest round of its Economic Outlook Survey during the month. The survey results have put across a GDP growth rate of 9.3% in 2021-22 and 7.4% in 2022-23. Challenges continue to remain on fore both on global as well as domestic front. According to World Bank's latest assessment (released in January 2022) the near-term outlook for global growth is somewhat weaker, and for global inflation notably higher, than previously envisioned, owing to pandemic resurgence, higher food and energy prices, and more pernicious supply disruptions. Back home, high inflation, unemployment, weak demand remain key concerns.
- The latest IIP numbers released for the month of November 2021 reported a nine-month low y-o-y growth of 1.4 percent. The moderation in growth comes despite a favorable base and reflects slowing momentum post festive season. Also, the overall index for the month of November 2021 indicates a contraction of 0.2 percent vis-à-vis November 2019. IIP numbers though on expected lines are a little disappointing. The waning of festive fervor and high prices have been dampeners. Investments and consumption both remain muted and will have to be steered through stimulus to drive towards a firm recovery.
- The Union Budget 2022-23 will be announced on February 1, 2022 and one of the immediate priorities at hand is sustaining economic recovery while ensuring health and safety of the people. Given the current situation, it is imperative that the government continues to stimulate the economy to supplement private consumption, which is still to gather full steam. While giving impetus to demand, offering further support to MSMEs/contact-based services, extension of Pradhan Mantri Garib Kalyan Yojana till September 2022, higher outlays for NREGA and targeted schemes to benefit the urban poor will be important from a short-term perspective. We hope the Budget will continue the work being done towards strengthening the foundation of our economy and taking the vision of a New India a step further.

India reels under third wave of the pandemic in January 2022

India's Active cases Trajectory



Case Positivity Trajectory (7 days moving average)



India's COVID-19
Vaccination Coverage
163.84 crore
*As on 27 January 2022



Doses Given	Healthcare workers (HCWs)	Frontline workers (FLWs)	Age Group 15-18 years	Age Group 18-44 years	Age Group 45-59 years	Over 60 years
1st Dose	1.03 crore	1.83 crore	4.37 crore	53.70 crore	19.95 crore	12.43 crore
2nd Dose	98.37 lakh	1.71 crore	-	39.48 crore	16.83 crore	10.50 crore
Precaution Dose	29.87 lakh	31.02 lakh	-	-	-	36.12 lakh

22.35 lakh
vaccine doses administered
in last 24 hours

#LargestVaccineDrive

Omicron led pandemic wave sweeps across India

As on January 27, 2022:

India's Active caseload currently stands at 22,02,472

Recovery Rate currently at 93.33%

Daily positivity rate (19.59%)

163.84 cr vaccine doses have been administered so far under Nationwide Vaccination Drive

Over 60% of the youngster between 15-18 years of age have received 1st dose of Covid-19 vaccine

Source: Ministry of Health and Family Welfare

India reels under third wave of the pandemic in January 2022

Omicron Spread in India : Confirmed Cases (7 day moving average) :Major Cities

Delhi

Confirmed
28 January
6,901 -959



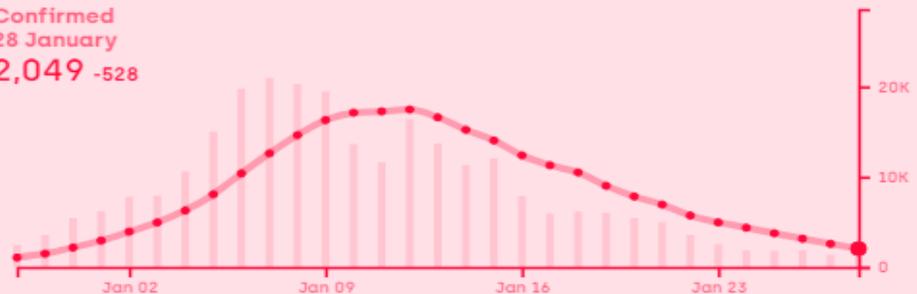
Bengaluru (Urban)

Confirmed
28 January
19,940 -1,981



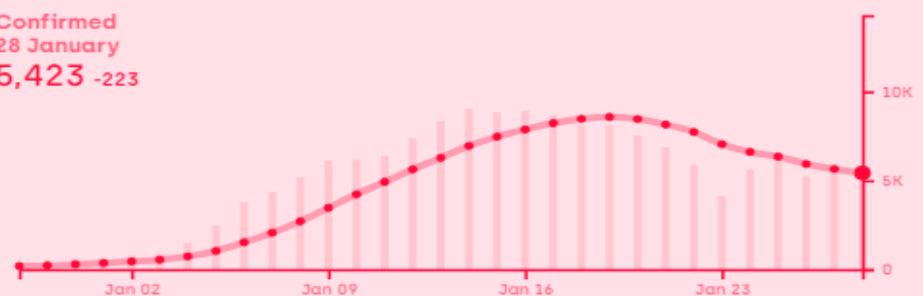
Mumbai

Confirmed
28 January
2,049 -528



Chennai

Confirmed
28 January
5,423 -223



Pune

Confirmed
28 January
10,545 -1,362



Kolkata

Confirmed
28 January
730 -128



Third Wave: Contact based services face the heat yet again

Omicron Spread in India: Major Sectors Impacted

Tourism

The third wave has severely impacted the sector that was recovering from the first and second waves of the pandemic. The slump which began with curbs on night travel during December end is continuing, due to the higher number of COVID-19 cases

Hotels and Restaurant

According to Federation of Hotels and Restaurant Association of India (FHRAI), occupancy across hotels and restaurants in metros and Tier 1 towns has dropped to 25 per cent and will mostly dip further to 30 per cent

Retail

Companies and organized wholesalers said demand is already down by 15-20%. The biggest hit has been on the sales of bulk packs used by hotels, restaurants and caterers. Shops and malls report a 10-15% fall in sales across many cities

Garment Exporters

Garment exporters from Noida and leather goods exporters from Mumbai, Delhi and Kolkata, are facing a shortage of workers due to rising covid cases. In the Noida apparel export cluster, the return of migrant workers has completely stopped with 3,000 garment export units facing a shortage of around 3 lakh tailors

MSMEs

MSMEs and other traders suffered a 45 per cent average loss in business during the first week of 2022. A survey conducted by CAIT Research from January 1 to January 6 across 36 cities of different states, the confederation noted that the panic among people due to the third wave, reluctance among traders for goods distribution, capital crunch, and Covid restrictions imposed without consulting the traders were the main reasons for the decline in business activity

Aviation

Air traffic had seen a swift recovery after the second wave and reached 86% of the pre-pandemic level in December 2021 compared over December 2019, while regular international flights were expected to start after January 2022. However, the third wave has already caused domestic air traffic to plummet 25% in the first week of January.

India: GDP Growth Advance Estimate at 9.2% for 2021-22

GDP & GVA Growth Projections for 2021-22: First Advance Estimate

	2018-19	2019-20	2020-21	2021-22 (First Advance Estimate)
GDP	6.5	4.0	-7.3	9.2
PFCE	7.6	5.6	-9.1	6.9
GFCE	6.3	7.9	2.9	7.6
GCF	9.8	2.3	-10.1	17.0
GFCF	9.9	5.4	-10.8	15.0
GVA	5.9	4.1	-6.2	8.6
Agriculture, etc	2.6	4.3	3.6	3.9
Industry	5.3	-1.2	-7.0	11.8
Mining	0.3	-2.5	-8.5	14.3
Manufacturing	5.3	-2.4	-7.2	12.5
Electricity, etc	8.0	2.1	1.9	8.5
Construction	6.3	1.0	-8.6	10.7
Services	7.2	7.2	-8.4	8.2
Trade, hotels, transp, etc	7.1	6.4	-18.2	11.9
Financial & personal serv.	7.2	7.3	-1.5	4.0
Public admin, defence, etc	7.4	8.3	-4.6	10.7

Government has put out a first advance estimate of Gross Domestic Product (GDP) at 9.2 per cent and Gross Value Added (GVA) at 8.6 per cent in 2021-22

The estimate is a tad lower than Reserve Bank of India's (RBI's) projection of a 9.5 per cent growth in GDP

As per the first advance estimate, GDP will surpass its pre-Covid level of 2019-20 by 1.3 per cent this year

Further, FICCI's latest Economic Outlook Survey pegs India's GDP growth at 7.4% in 2022-23

Global Outlook : World Bank

Real GDP: Global Economic Prospects

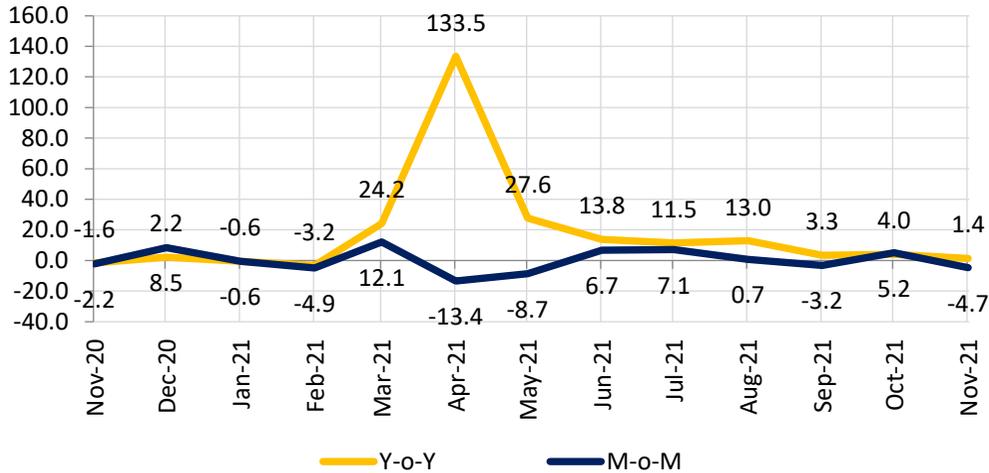
	2019	2020	2021e	2022f	2023f	Percentage point differences from June 2021 projections		
						2021e	2022f	2023f
World	2.6	-3.4	5.5	4.1	3.2	-0.2	-0.2	0.1
Advanced Economies	1.7	-4.6	5.0	3.8	2.3	-0.4	-0.2	0.1
United States	2.3	-3.4	5.6	3.7	2.6	-1.2	-0.5	0.3
Euro area	1.6	-6.4	5.2	4.2	2.1	1.0	-0.2	-0.3
Japan	-0.2	-4.5	1.7	2.9	1.2	-1.2	0.3	0.2
Emerging market and developing economies	3.8	-1.7	6.3	4.6	4.4	0.2	-0.1	0.0
East Asia and Pacific	5.8	1.2	7.1	5.1	5.2	-0.6	-0.2	0.0
China	6.0	2.2	8.0	5.1	5.3	-0.5	-0.3	0.0
Indonesia	5.0	-2.1	3.7	5.2	5.1	-0.7	0.2	0.0
Thailand	2.3	-6.1	1.0	3.9	4.3	-1.2	-1.2	0.0s
Europe and Central Asia	2.7	-2.0	5.8	3.0	2.9	1.9	-0.9	-0.6
Russian Federation	2.0	-3.0	4.3	2.4	1.8	1.1	-0.8	-0.5
Turkey	0.9	1.8	9.5	2.0	3.0	4.5	-2.5	-1.5
Poland	4.7	-2.5	5.1	4.7	3.4	1.3	0.2	-0.5
Latin America & Caribbean	0.8	-6.4	6.7	2.6	2.7	1.5	-0.3	0.2
Brazil	1.2	-3.9	4.9	1.4	2.7	0.4	-1.1	0.4
Mexico	-0.2	-8.2	5.7	3.0	2.2	0.7	0.0	0.2
Argentina	-2.0	-9.9	10	2.6	2.1	3.6	0.9	0.2
South Asia	4.4	-5.2	7.0	7.6	6.0	0.1	0.8	0.8
India	4.0	-7.3	8.3	8.7	6.8	0.0	1.2	0.3
Pakistan	2.1	-0.5	3.5	3.4	4.0	2.2	1.4	0.6
Bangladesh	8.2	3.5	5.0	6.4	6.9	1.4	1.3	0.7

According to World Bank's latest Global Economic Prospects Report, after rebounding to an estimated 5.5 percent in 2021, global growth is expected to decelerate to 4.1 percent in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks

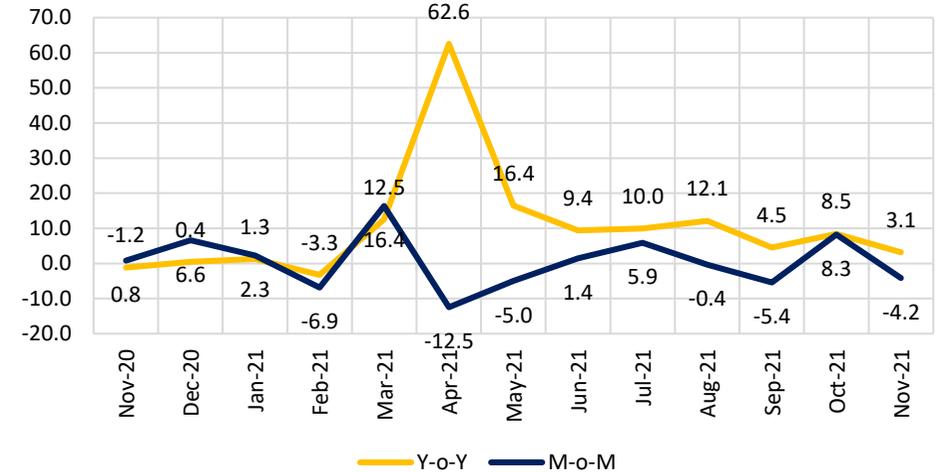
The near-term outlook for global growth is somewhat weaker, and for global inflation notably higher, than previously envisioned, owing to pandemic resurgence, higher food and energy prices, and more pernicious supply disruptions. Global growth is projected to soften further to 3.2 percent in 2023

Index of Industrial Production

Industrial Production: Growth: Y-o-Y in %



Overall Core Sector Index: Growth: Y-o-Y in %



Latest data on index industrial production reported a nine-month low y-o-y growth of 1.4 percent. The moderation in growth comes despite a favorable base and reflects slowing momentum post festive season.

Also, the overall index for the month of November 2021 indicates a contraction of 0.2 percent vis-à-vis November 2019.

IIP numbers though on expected lines are a little disappointing. The incoming lead indicators were pointing towards frailty in the recovery process.

Moreover, the fresh restrictions imposed by States led by the surge in Omicron cases is also likely to have some impact on manufacturing activity. This will come forth in the numbers for December and January.

On a cumulative basis, the industrial production index during April- November 2021 rose by 17.5%, as against 15.4% contraction registered during the same period a year ago

Growth in overall core sector index was reported much lower at 3.1% in the month of November 2021 on a y-o-y basis as compared to 8.5% growth reported in the previous month.

Six of the eight core industries reported growth in production on a y-o-y basis, and two reported a fall.

However, the index contracted on a sequential basis in the month of November 2021. The overall core sector index recorded (-) 4.2% growth during the month on the back of weak performance across segments except coal and refinery products.

On a cumulative basis, the core sector index recorded 13.7% y-o-y growth during April- November 2021 as compared to (-) 11.1% growth noted in April- November 2020.

Manufacturing sector growth slowed down significantly

Industrial Production- Economic Activity Classification: Growth: Y-o-Y in %			
Month	Mining & quarrying	Manufacturing	Electricity
	(Wt=14.37)	(Wt=77.63)	(Wt=7.99)
Nov-20	-5.4	-1.6	3.5
Sep-21	8.6	3.0	0.9
Oct-21	11.5	3.1	3.1
Nov-21	5.0	0.9	2.1
Apr-Nov 2020-21	-12.1	-17.2	-4.6
Apr-Nov 2021-22	18.2	18.5	10.3

Major Manufacturing Sub-segments: Growth Y-o-Y in %										
	Basic Metals	Coke & Refined Petroleum Products	Chemicals & Chemical Products	Food Products	Pharmaceuticals, Medicinal Chemical & Botanical Products	Motor Vehicles, Trailers & Semi-Trailers	Machinery & Equipment N.E.C.	Other Non-Metallic Mineral Products	Textiles	Electrical Equipment
Weight	12.8	11.77	7.87	5.3	4.98	4.86	4.77	4.09	3.29	3.0
Nov-20	3.1	-3.3	0.2	7.6	-1.0	0.0	-2.7	-3.8	-9.0	-0.4
Jul-21	11.8	7.8	4.8	4.7	-6.0	37.7	27.5	20.4	25.5	43.3
Aug-21	9.8	11.4	5.0	9.5	5.4	10.0	17.6	27.0	24.4	36.3
Sep-21	6.2	5.1	-1.8	0.5	1.1	-9.2	3.4	11.6	13.5	13.9
Oct-21	7.0	13.3	-2.4	4.8	-1.1	-11.7	-6.8	10.4	11.2	-4.2
Nov-21	7.3	3.3	-1.9	-1.3	2.7	-9.2	-13.9	-2.8	8.0	-6.6

Manufacturing sector growth moderated sharply – 11 of the 23 sub-groups of the manufacturing sector reported contraction on a y-o-y basis in November 2021

Manufacture of basic metals, coke & refined petroleum products, and textiles are some of the major segments that reported y-o-y growth

On the other hand, manufacture of chemicals & chemical products, food products, machinery & equipment, motor vehicles, trailers, & semi-trailers, other non-metallic mineral products, and electrical equipment segments recorded contraction in growth on a y-o-y basis in the month of November 2021

Use based classification of Index of Industrial Production

Industrial Production- Use Based Classification: Growth: Y-o-Y in %

	Primary goods	Capital goods	Intermediate goods	Infrastructure/construction goods	Consumer goods	Consumer durables	Consumer non-durables
Weight	34.05	8.22	17.22	12.34	28.17	12.84	15.33
Nov-20	-1.9	-7.5	-1.8	2.1	-1.7	-3.2	-0.7
Aug-21	16.9	20.0	11.8	13.5	7.9	11.1	5.9
Sep-21	4.6	2.4	5.0	7.8	-0.7	-1.9	0.2
Oct-21	9.0	-1.5	3.8	6.6	-1.1	-3.6	0.9
Nov-21	3.5	-3.7	2.5	3.8	-1.7	-5.6	0.8
2020-21 Apr-Nov	-11.3	-31.1	-16.8	-17.2	-14.9	-28.2	-5.4
2021-22 Apr-Nov	13.2	29.0	23.7	27.5	12.6	23.9	6.4

According to the use base classification of the index a broad-based moderation was noted - with all five segments reporting a slower growth.

Both capital and consumer goods segment reported a negative y-o-y growth in November affirming persistence of muted investments and weak demand.

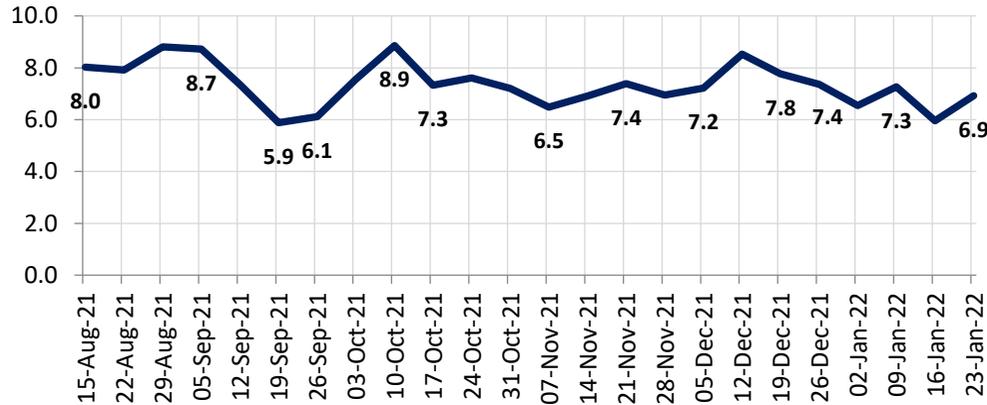
Lead Indicators

Incoming data on lead indicators are pointing towards a mixed trend. Imposition of fresh set of restrictions with each subsequent wave of pandemic is undermining a full swing recovery

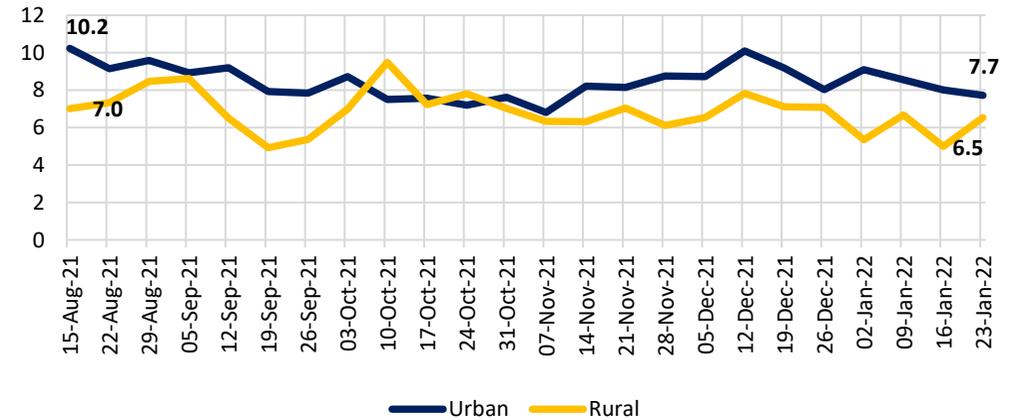
		Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Industry	PMI Manufacturing	56.4	57.7	57.5	55.4	55.5	50.8	48.1	55.3	52.3	53.7	55.9	57.6	55.5
	PMI Services	52.3	52.8	55.3	54.6	54.0	46.4	41.2	45.4	56.7	55.2	58.4	58.1	55.5
	E-way Bills: In Million	64.2	62.9	63.8	71.2	58.8	40.0	54.7	64.2	65.9	67.9	73.5	61.2	71.6
	Fuel Consumption: Y-o-Y in %	-3.1	-5.9	-7.9	16.9	77.1	-4.1	-1.4	6.5	6.4	5.0	0.2	-11.5	0.4
	Consumption of Finished Steel: Y-o-Y in %	18.6	9.4	11.3	50.6	684.4	64.3	28.3	4.2	-2.2	-3.2	-3.8	-7.1	-9.5
	GST (in Rs. Billion)	1,152	1,198	1,131	1,239	1,414	1,027	928	1,164	1,120	1,170	1,301	1,315	1,298
	Non Food Credit - Y-o-Y in %	5.9	5.7	6.5	5.5	5.7	5.9	5.9	6.2	6.7	6.8	6.9	7.1	-
Sector Performance	Passenger Vehicle Sales: Y-o-Y in %	7.4	9.9	9.7	95.4	7348.1	147.1	118.6	46.0	11.6	-31.3	-24.3	-14.3	-11.5
	Two Wheeler Sales: Y-o-Y in %	11.0	10.3	11.5	70.8	3009.0	89.1	15.9	11.5	-6.2	-13.7	-21.0	-26.9	-8.3
	Tractor Sales (incl exports): Y-o-Y in %	41.2	47.5	30.4	170.4	480.8	-2.4	22.1	8.2	-9.8	-9.5	3.2	-16.7	-22.5
Transport/ Infrastructure	Air cargo handled: Y-o-Y in %	-8.9	-11.0	-8.6	34.2	445.3	150.9	45.6	35.2	29.5	14.9	16.5	6.2	-
	Revenue Earning Freight Traffic of Major Commodities: Quantity: Y-o-Y in %	8.7	8.7	5.5	26.6	70.7	39.1	20.5	18.4	16.9	3.6	8.4	6.1	7.2
	Cargo Traffic at Major Ports: Y-o-Y in %	4.4	4.1	2.1	12.9	29.5	31.5	19.5	6.7	11.4	0.1	6.5	-0.2	-

Unemployment levels remain a concern

CMIE Unemployment Rate: Total: in %



CMIE Unemployment Rate: By Region: in %



Naukri Jobspeak Index: Industry-wise: Growth: M-o-M in %

Month	Auto & auto ancillary	Banking & financial services	Capital goods	Chemicals	Construction and engineering	Consumer durables	FMCG, food & beverages	Gems & jewellery	Healthcare	Hospitality	IT-Software /software services	Telecom	Textiles
Dec-20	32.7	17.8	24.1	33.2	19.5	16.1	21.2	29.7	13.7	11.9	10.9	25.4	18.3
Sep-21	-7.0	9.6	6.7	8.6	12.9	11.6	5.9	15.4	11.3	15.1	4.2	2.4	8.5
Oct-21	-8.4	-6.8	-5.3	1.9	-7.0	2.7	-10.7	-15.1	-4.1	7.4	-17.0	-0.5	-15.3
Nov-21	-12.2	-9.6	-6.7	-10.8	-15.7	-19.6	-8.2	3.6	-15.9	-3.1	-11.3	4.4	6.7
Dec-21	-6.9	-6.9	-11.7	-4.9	-2.5	-9.5	-0.1	-12.7	-23.2	-13.9	-19.8	-44.2	-16.2

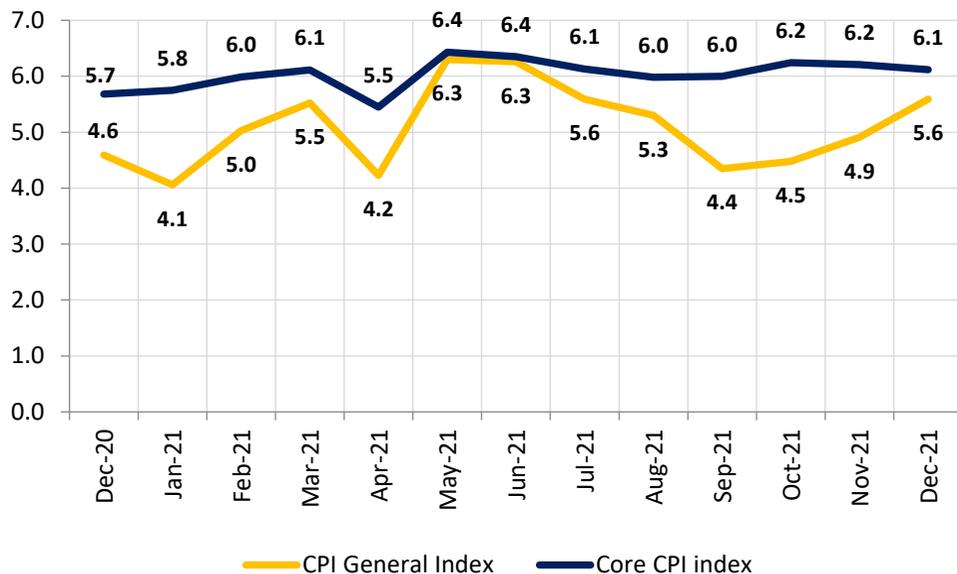
As per CMIE, India's overall unemployment rate stood at 6.9% as on January 23, 2021

While the unemployment rate was high in both rural as well as urban areas, the former noted sharp rise in unemployment rate and stood at 6.5% during January 23 week (from 5.0% in previous week). Unemployment in urban areas, however, eased to 7.7% during the same period

Data from Naukri Jobspeak Index revealed that major industrial sectors reported a fall in hiring levels on a m-o-m basis for the third consecutive month in Dec'21

Inflation continues to head upwards

Consumer Price Index- Headline and Core: Growth: Y-o-Y in %



Consumer Price Index- Major Heads: Growth: Y-o-Y in %

Month	General Index	Food and beverages	Pan, tobacco and intoxicants	Clothing & footwear	Housing	Fuel & light	Miscellaneous
Weight	100	45.86	2.38	6.53	10.07	6.84	28.32
Dec-20	4.6	3.9	10.7	3.5	3.2	2.9	6.6
Jul-21	5.6	4.5	4.7	6.4	3.9	12.4	6.7
Aug-21	5.3	3.7	4.0	6.8	3.9	13.0	6.4
Sep-21	4.4	1.6	4.2	7.2	3.6	13.6	6.4
Oct-21	4.5	1.8	4.3	7.5	3.5	14.4	6.8
Nov-21	4.9	2.6	4.1	7.9	3.7	13.4	6.8
Dec-21	5.6	4.5	3.2	8.3	3.6	11.0	6.7

As per the latest release, retail price inflation, measured by the Consumer Price Index (CPI), increased for the third consecutive month and stood at a five-month high of 5.6 percent in December 2021. The CPI based inflation rate stood at 4.9 percent in November.

Both urban India (reporting 5.8 percent inflation in December versus 5.5 percent inflation reported in the previous month) and rural India (reporting 5.4 percent inflation in December versus 4.3 percent inflation reported in the previous month) witnessed an increase in price levels.

Inflationary pressures were seen broad basing during the month of December 2021. A conspicuous surge was noted in prices of food & beverages and clothing & footwear segments in December. Prices in the fuel & light and miscellaneous segments also remained beyond the comfort zone. Nonetheless, some moderation was witnessed in fuel prices in the month of December on the back of reduction in central and state tax on retail fuel prices.

Persisting supply side constraints and high input prices has been aggravating cost push pressures. Now with fresh restrictions being imposed due to the Omicron led wave, prices are expected to remain sticky going ahead posing a risk to the price trajectory of both perishables and core segments.

Nonetheless, the rabi sowing has been healthy and would help keep food prices under check.

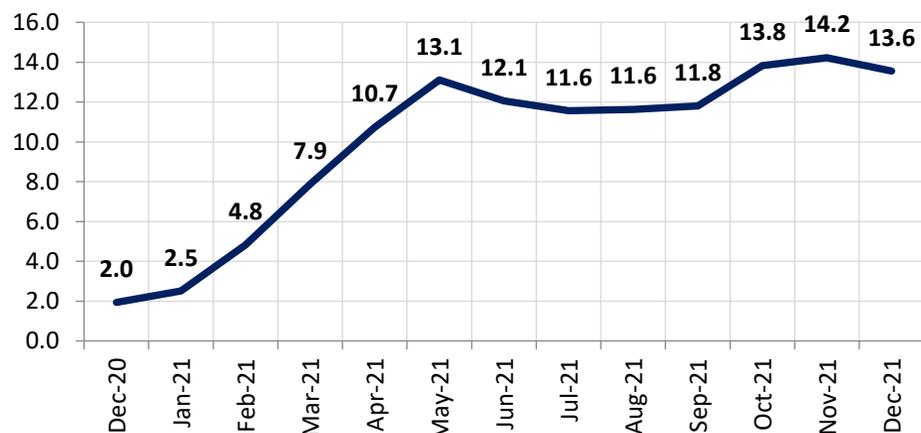
FAO Food Price Index reached a 10-year high in 2021

FAO Food Price Index

Date	Food Price Index	Meat	Dairy	Cereals	Oils	Sugar
Dec-20	108.6	94.8	109.2	116.4	131.20	87.1
Jan-21	113.5	96.0	111.2	125.0	138.87	94.2
Feb-21	116.6	97.8	113.1	126.1	147.46	100.2
Mar-21	119.2	100.8	117.5	123.9	159.30	96.2
Apr-21	122.1	104.3	119.1	126.2	162.19	100.0
May-21	128.1	107.4	121.1	133.7	174.88	106.8
Jun-21	125.3	110.7	119.9	130.3	157.68	107.7
Jul-21	124.6	114.1	116.7	126.3	155.50	109.6
Aug-21	128.0	113.4	116.2	130.4	165.86	120.5
Sep-21	129.2	112.7	118.1	132.8	168.57	121.2
Oct-21	133.2	112.0	121.5	137.1	184.84	119.1
Nov-21	134.9	111.4	125.9	141.4	184.56	120.2
Dec-21	133.7	111.3	128.2	140.5	178.49	116.4
% Y-o-Y Change (Dec 21)	23.1	17.4	17.4	20.7	36.0	33.6

Wholesale Price Index

Wholesale Price Index: Growth: Y-o-Y in %



Wholesale Price Index- Major Heads: Growth: Y-o-Y in %

Month	Primary articles	Food articles	Non-food articles	Minerals	Crude petroleum & natural gas	Fuel & power	Manufactured products
Weight	22.62	15.26	4.12	0.83	2.41	13.15	64.23
Dec-20	-0.6	-0.9	3.0	16.7	-16.0	-6.1	4.5
Sep-21	6.0	-2.6	29.5	30.8	49.0	29.5	11.6
Oct-21	7.4	0.1	18.4	16.6	86.4	38.6	12.9
Nov-21	10.3	4.9	13.8	20.9	76.6	39.8	11.9
Dec-21	13.4	9.6	19.0	3.8	55.7	32.3	10.6

External Sector: Exports remain a bright spot

India's overall exports (Merchandise and Services combined) in December 2021* were estimated to be USD 57.9 billion, exhibiting 25.1% growth over December 2020. Moreover, growth in exports was pegged at 23.4% as compared to December 2019 value

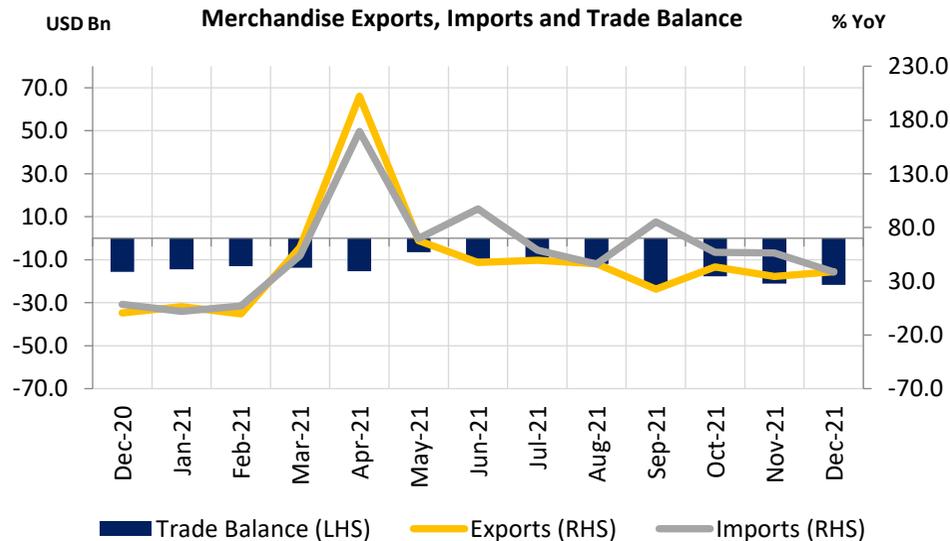
Merchandise Trade

Petroleum Products (152%), Coffee (123.8%), Mica, Coal & Other Ores, Minerals including processed minerals (60%), Plastic & Linoleum (57.7%), Cotton yarn/fabs./made-ups, handloom products etc. (46.2%), Engineering goods (38.4%), Electronic goods (34%), Organic & inorganic chemicals (26.9%) are some of the major commodities that reported strong growth in outbound shipments in the month of December 2021

Iron ore (-85.8%), Oil meals (-49.5%), Cashew (-25.2%), Spices (-8.8%), Tea (-7.8%), Ceramic products & glassware (-5.3%) recorded negative y-o-y export growth in December 2021

Cumulative value of exports for the period April- December 2021-22 was USD 301.4 billion; 49.7% higher on a y-o-y basis

Cumulative value of imports for the period April- December 2021-22 was USD 443.8 billion; 68.9% higher on a y-o-y basis



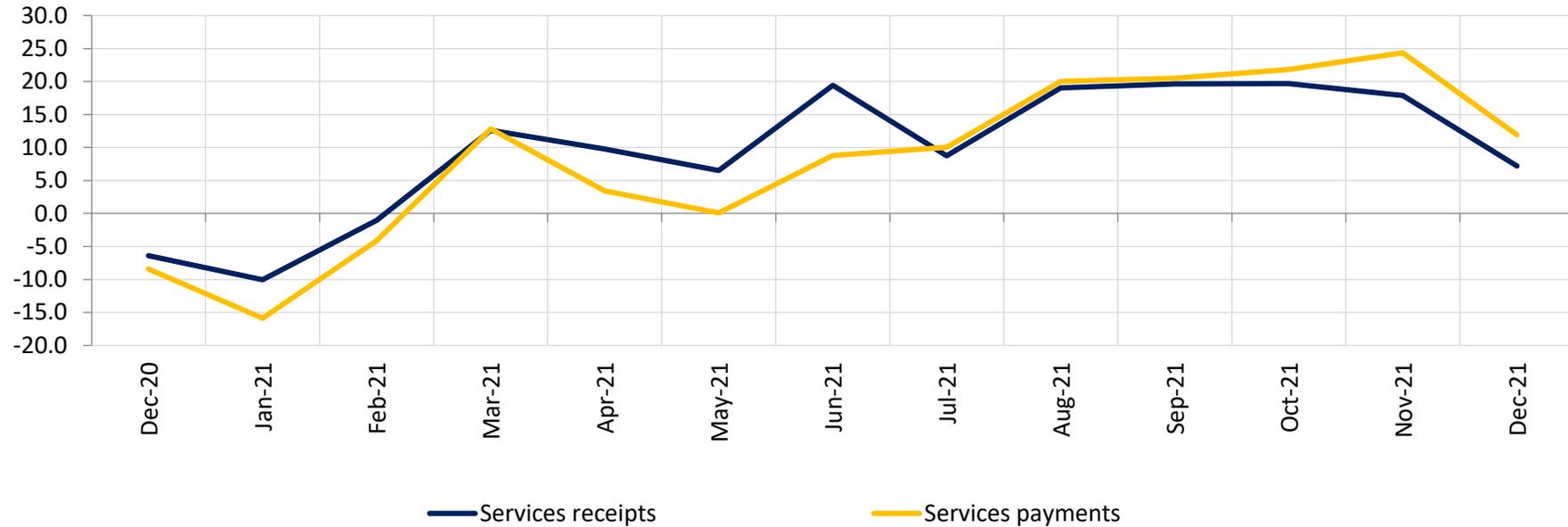
Petrol/Non-Petrol Exports, Imports: Growth: Y-o-Y in %

Month	Exports		Imports		
	Petroleum products	Non-petroleum products	Crude oil and petroleum products	Non-crude oil and petroleum products	Non-crude oil & petroleum products and non-gold & silver
Dec-20	-35.7	6.0	-10.2	15.3	9.6
Aug-21	144.8	37.3	50.0	44.9	38.7
Sep-21	47.3	19.1	191.9	59.9	40.4
Oct-21	242.4	30.0	108.9	45.8	36.5
Nov-21	255.7	18.8	132.4	39.0	37.9
Dec-21	152.0	28.3	67.9	30.1	33.1

* Note: The latest data for services sector released by RBI is for November 2021. Data for December 2021 is an estimation, which will be revised based on RBI's subsequent release.

External Sector: Exports remain a bright spot

India's International Trade in Services: Growth: Y-o-Y in %



Services exports stood at USD 20.1 Billion in December 2021, registering 7.2% growth in Dollar terms vis-à-vis December 2020

Services imports stood at USD 12.9 Billion in December 2021, registering 11.9% growth in Dollar terms, vis-à-vis December 2020

Trade balance in Services (Net Services Export) for December 2021 stood at USD 7.2 Billion

External Sector: Foreign Investment Inflows report a slowdown

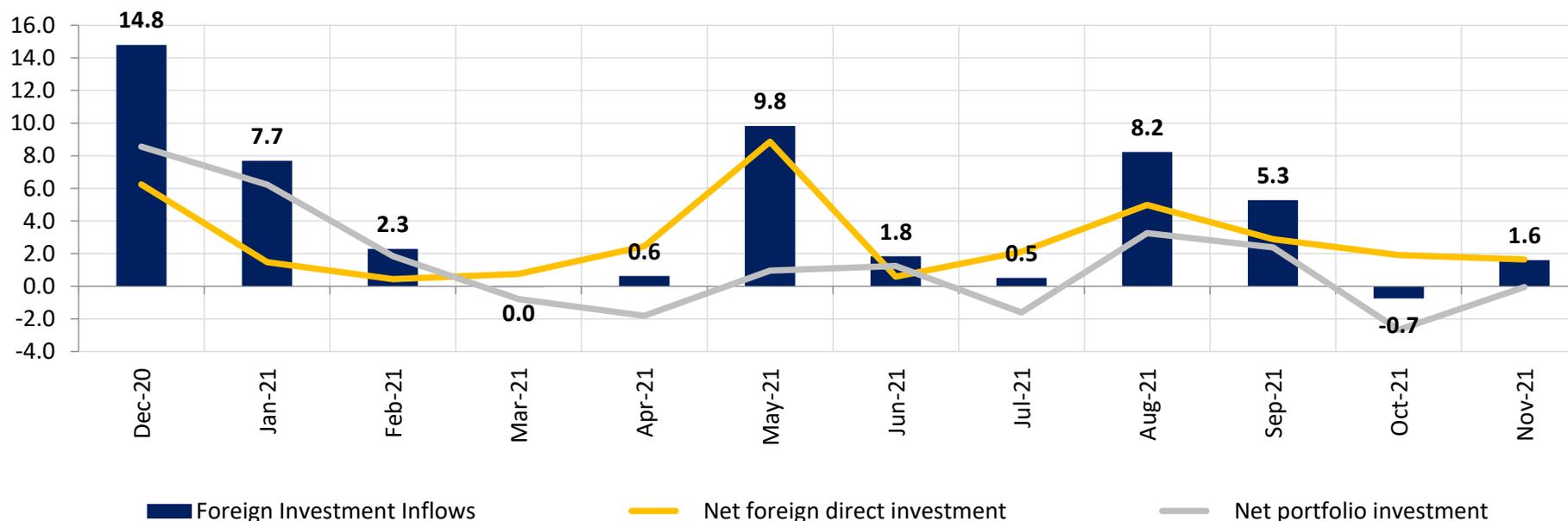
India's net foreign direct investment inflows were reported at USD 1.6 billion in the month of November 2021

On the other hand, portfolio investments reported net outflow of USD 42 million during the month

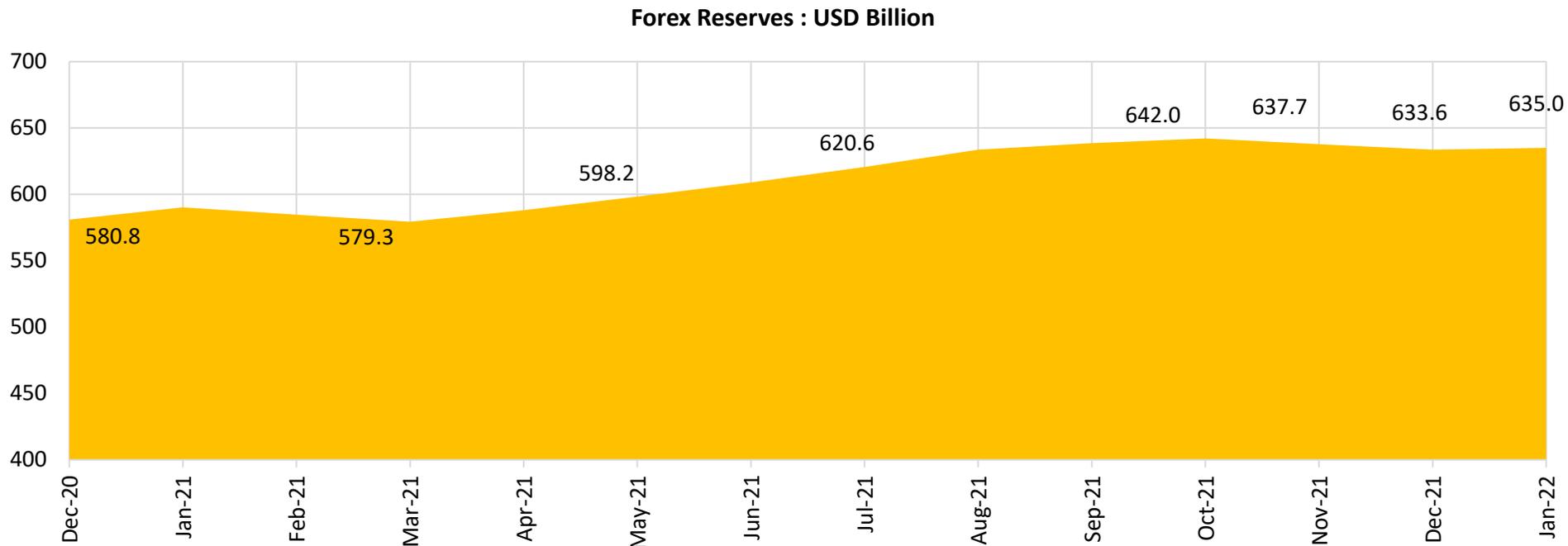
On a cumulative basis, net foreign direct investment inflows were reported at USD 25.4 billion during April- November 2021 as compared to a net inflow of USD 35.0 billion recorded in the corresponding period previous year. In addition, net foreign direct investment inflows contracted by 4.8% during April- November 2021 as against the pre-pandemic level of investments noted in April- November 2019-20

On the other hand, portfolio investments recorded a net inflow of USD 1.7 billion during April- November 2021. While portfolio investments contracted by 91% on a y-o-y basis, contraction was to the tune of 89% when compared to April- November 2019-20

Foreign Investment Inflows: USD Billion



External Sector: Forex Reserve position remains intact



*up to January 14, 2022

India's forex reserves stood at USD 635 billion on January 14, 2022, which is slightly higher than USD 633.6 billion worth of reserves reported at the end of December 2021

Foreign currency assets (FCAs), which is a major component of the overall reserves, increased to USD 570.7 billion in the January 14 week as compared to USD 569.9 billion reported at the end of December 2021

Money & Banking

Non-food Credit- Sector Wise: Growth: Y-o-Y in %

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Non-food	5.9	5.9	5.7	6.5	5.5	5.7	5.9	5.9	6.2	6.7	6.8	6.9	7.1
Agriculture and allied activities	7.0	9.4	9.9	10.2	9.4	11.3	10.3	11.4	12.4	11.3	9.9	10.2	10.4
Industry	0.7	-1.2	-1.3	-0.2	0.5	0.4	0.8	-0.3	1.0	2.3	2.5	4.1	3.8
Micro & small	0.6	1.3	0.9	1.5	2.8	3.8	5.0	6.4	7.9	10.1	9.7	11.9	12.7
Medium	25.7	15.3	19.1	21.0	34.1	43.8	45.8	54.6	71.6	63.4	49.0	48.6	48.7
Large	-0.4	-2.4	-2.6	-1.5	-1.3	-1.9	-1.7	-3.4	-2.9	-1.7	-1.0	0.5	-0.1
Personal loans	9.2	9.5	9.1	9.6	9.9	12.6	12.4	11.9	11.2	12.2	12.1	11.7	11.6
Housing (Including priority sector housing)	8.5	8.1	7.7	8.5	9.1	9.5	10.1	9.7	8.9	9.2	9.0	8.4	8.0
Education	-1.8	-3.3	-4.0	-3.3	-2.6	-3.6	-3.4	-3.5	-4.5	-3.2	-2.9	-3.1	-2.9
Vehicle loans	6.9	7.8	7.1	8.3	6.2	11.7	11.9	11.0	7.3	8.2	8.9	8.4	7.8
Consumer durables	10.7	30.1	14.6	11.5	-15.2	-18.4	-19.0	-19.8	17.9	29.4	40.0	44.4	49.2
Services	8.2	8.8	8.4	9.3	2.7	1.2	1.9	2.9	2.7	3.5	0.8	2.9	3.6
Transport operators	6.8	10.4	8.9	8.0	7.4	-0.3	0.0	0.7	4.0	3.5	3.3	2.6	3.3
Tourism, hotels & restaurants	18.7	14.5	8.9	6.5	8.2	7.0	8.2	7.3	6.4	6.5	1.4	0.6	2.8
Shipping	-5.0	12.1	7.5	38.9	31.8	0.0	-0.1	32.0	39.0	41.1	45.3	35.0	40.7
Aviation	21.8	0.0	120.0	24.3	14.5	8.2	4.7	7.4	21.4	9.6	7.2	7.4	6.0
Commercial real estate	3.5	5.1	2.8	1.6	1.3	2.2	2.6	1.3	0.1	-1.0	-0.2	-0.5	0.4
Non-banking financial companies (NBFCs)	4.7	8.4	6.6	9.2	0.2	3.4	2.2	-2.2	0.5	-2.5	-2.5	1.4	5.2

Money & Banking

Interest Rate: in %

Month	Repo rate	WACR	G-secs with residual maturity			Corporate bond
			1-year	5-year	10-year	10-year
Dec 20	4.00	3.11	3.74	5.07	5.93	6.55
Jan 21	4.00	3.12	3.89	5.21	5.92	6.71
Feb 21	4.00	3.20	3.91	5.60	6.09	6.99
Mar 21	4.00	3.16	3.79	5.76	6.19	7.12
Apr 21	4.00	3.14	3.90	5.53	6.07	6.89
May 21	4.00	3.13	3.90	5.55	5.99	6.72
Jun 21	4.00	3.09	3.94	5.61	6.02	6.80
Jul 21	4.00	3.12	4.12	5.71	6.15	6.89
Aug 21	4.00	3.14	3.94	5.71	6.23	6.88
Sep 21	4.00	3.12	3.91	5.62	6.17	6.83
Oct 21	4.00	3.22	4.16	5.70	6.32	6.80
Nov 21	4.00	3.27	4.26	5.72	6.34	6.95
Dec 21	4.00	3.32	4.34	5.77	6.41	6.84

Public Finance

Trend in Revenue & Expenditure

	Budget Estimates 2021-22	Actual @ up to November 2021	% of Actual to Budget Estimates	
	Rs. Crore	Rs. Crore	Current	Corresponding period previous year
Revenue Receipts	1788424	1358290	75.9	40.2
Tax Revenue (Net)	1545396	1135264	73.5	42.1
Non-Tax Revenue	243028	223026	91.8	32.3
Total Receipts	1976424	1378993	69.8	37.0
Revenue Expenditure	2929128	1800977	61.5	63.3
Capital Expenditure	554108	273630	49.4	58.5
Total Expenditure	3483236	2074607	59.6	62.7
Fiscal Deficit	1506812	695614	46.2	135.1

Net Tax Revenue: Growth: Y-o-Y in %

	Nov-20	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Income tax	35.7	32.3	44.0	53.4	1.4	9.0
Corporate tax	-18.2	-	102.0	64.0	-0.2	75.1
Customs duties	9.2	99.4	113.5	104.2	92.9	7.8
Excise duties	88.4	-0.2	13.4	21.5	1.6	6.1

Overall Expenditure: Growth: Y-o-Y in %

	Nov-20	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Revenue expenditure	31.8	-22.7	33.9	45.7	17.5	13.1
Capital Expenditure	248.5	-28.2	92.2	83.1	-24.1	-53.5

Central Government's overall expenditure stood at Rs. 20.7 lakh crores during April- November 2021. While over 49% of the budgeted capital expenditure was spent during the period, about 61.5% of budgeted revenue expenditure was spent.

On the revenue side, nearly 73.5% of the budgeted revenue from tax was collected in April- November 2021 period. Non-tax revenue collections have also been robust with the government managing to meet a whopping 92% of its budgeted target in the first eight months of the ongoing fiscal.

Government's fiscal deficit stood at a comfortable 46.2% of Rs. 15 trillion earmarked for the entire fiscal year 2021-22 at the end of eight months.

Union Budget Expectations 2022-23

Key Expectations

Housing sector

The housing and real estate sector can be a force multiplier for growth and for kickstarting investments/ capex cycle. An interest subsidy of 3-4% on housing loans could also be offered for a period of 3-4 years.

Offer regular subsidy to PMUY beneficiaries for incentivizing cooking gas usage

The subsidy component under the scheme has focused more on providing new gas connections, free first refills, free hotplates, etc., rather than regular subsidies on every refill. During the first wave of Covid pandemic, three free cylinder refills were offered to PMUY recipients. However, with increase in gas prices lately, affordability has become a major challenge for such households for using cooking gas. Various reports show that monthly expenditure of such households has risen significantly due to increased gas prices. It is thus suggested that the government should subsidise the usage of 6 -7 cylinders in a year for such households.

R&D: Reinstate 200% weighted deduction for in-house R&D expenditure under section 35(2AB) and make it available even if company avails lower tax rates under section 115BAA/115BAB

The hitherto available tax benefit by way of weighted deduction @ 150% (substituted for 200% vide Finance Act 2016 w.e.f. 1 April 2018) for DSIR approved in-house R&D centres has expired on 31 March 2020. There is a need to extend the benefit to provide fiscal stimulus to innovation in industry. It is therefore recommended that weighted deduction @ 200% under section 35(2AB) of the Income Tax Act, 1961 ('the Act') be restored to promote research and development in the manufacturing space and to make India a manufacturing hub.

Launching concept of Innovation City

New innovation and technology hubs are emerging around the world outside of traditional hubs like Silicon Valley. With technology advancements like cloud computing, companies can rely on talent located elsewhere. The timing is apt to give wings to an Indian Innovation Cities - Mysuru in Karnataka, GIFT City in Ahmedabad, Gurugram in Haryana, Noida in Uttar Pradesh, Kochi in Kerala can be among the first contenders for the Start-up Nirman Hubs.

Fixing supply shortages of critical commodities

The recent episodes of shortages in coal supply, edible oil as well as industrial inputs reinforce the need for continuous monitoring of critical commodities. Disruptions in supply of these essential items can increase the risk of escalating inflation as well as disrupting production of core sector and industrial commodities. The government should consider strengthening the Market Intelligence and co-ordination mechanism between domestic supply and import mechanisms, to predict any scarcity in advance and strategically plan and manage supplies without letting the situation out of control

Union Budget Expectations 2022-23

Key Expectations

Extend Cut Off Date for Commencing Manufacturing Operations under concessional tax regime of section 115BAB of the Act

Due to the outbreak of Covid-19 pandemic, the setting up of manufacturing facilities/production plans, regulatory approvals, resource planning, etc. (which typically takes a considerable amount of time) within sunset date of 31 March 2023 has become difficult. Hence, it is recommended to extend sunset date for newly incorporated domestic companies to commence their manufacturing till 31 March, 2025.

Address issues impacting business reorganisation

There are several issues which result in notional income for businesses. For instance, the anti-abuse provisions of Sec 56(2)(x) and Sec 50CA create tax hurdles for several bonafide share transactions in situations like rise in value of shares between date of agreement and consummation of transaction, fresh allotment of shares under different modes like preferential allotment, rights issue without change in control, bonus issue, etc. These are an impediment towards raising fresh funds by the companies and for companies wishing to re-organise themselves but find it difficult due to the valuation.

Work towards reducing litigation by aiding dispute resolution

In light of the substantial litigation related to faceless assessment, Government should allow it to mature and consider deferment of the proposal of Faceless Scheme for conducting ITAT proceedings.

Additionally, the government should constitute the Dispute Resolution Committee at the earliest with competent personnel and monitor its performance in terms of time-bound resolution of cases. There is a need to expand its scope to mid-sized and large sized taxpayers by removing the caps of returned income and disputed addition of Rs. 50 lakhs and Rs. 10 lakhs respectively. There is a need to clarify that DRC can settle pending litigation cases. Also, the DRC should be allowed to resolve specific issues instead of entire appeal.

Promote development of Green Technologies across sectors

Extend Concessional tax rate of 15% to companies which invest in Green technologies on or after a specified date. Allow full deduction towards investment/purchase of green technology assets. This will encourage replacement of obsolete technology with green technology.



Federation of Indian Chambers of Commerce and Industry
Federation House
Tansen Marg, New Delhi 110001

Follow us on

