

**Economic
Division**

**April
2021**

Monthly Economic Review



आर्थिक कार्य विभाग
DEPARTMENT OF
ECONOMIC AFFAIRS



Abstract


COVID-19, with its mutated contagious strains, has hit again in 2021 – with a rapid resurgence in global cases, notably in India and countries in Europe and Latin America. At this juncture, rapid vaccination lends a ray of hope. April 2021 saw a doubling of global vaccination rates and a concomitant lowering of average transmission rates in countries with high vaccination rates. With vaccines doubly effective in battling the spread and shielding the economy, global cooperation is critical to ensuring availability of vaccines in all countries and addressing inter-country disparities in vaccination rates at the earliest.

The second wave in India has seen new peaks in daily cases, daily deaths, active cases and positivity rates. The policy response, as has been the global experience, includes localized micro-containment measures, state-specific movement restrictions, mobilization of health supplies and ramping up of health infrastructure. Recognizing vaccination as the crucial pillar to the ‘Test, Track, Treat and Covid-appropriate behaviour’ strategy, the access to vaccines has been deregulated and opened to all individuals above the age of 18 years.

The global economy recovered further in March and April, powered with vaccination drives and fiscal stimuli by few large economies. In April, due to the second wave in India, the momentum in economic recovery since the first wave has moderated. Agriculture continues to be the silver lining with record foodgrain production estimated in the ensuing crop year on the back of predicted normal monsoons. Rural demand indicators like tractor sales recorded a growth of 172 per cent and 36 per cent compared to a low base in March 2020 and even the pre-COVID month of March 2019 respectively.

Industrial production showed mixed trends. While Index of Industrial Production (IIP) in February 2021 registered a broad-based decline of 3.6 per cent (YoY) and 3.9 per cent compared to January 2021, the eight-core index posted a growth of 6.8 per cent (YoY) in March 2021 and 11.1 per cent compared to February 2021. In FY 2020-21, the core sector contracted by 7 per cent compared to 0.4 per cent growth in FY 2019-20 with fertilizer being the sole growing sector and electricity recovering steadily in the second half. The Purchasing Managers Index for manufacturing rose further to 55.5 in April with consumer goods as the strongest-performing category, followed by capital goods and then intermediate goods. The rebound was also reflected in RBI’s survey estimates on capacity utilization and manufacturers’ optimism for the current year.

India’s power consumption registered a growth rate of 40 per cent in April 2021 over April 2020 and 6.5 per cent over April 2019, signalling sustained industrial and commercial activity. In terms of value, e-way bills generated reached ₹17.36 lakh crore in April 2021 compared to ₹3.9 lakh crore in April 2020 and ₹14.8 lakh crore in April 2019 – the growth since April 2019 is an indicator of the increased formalisation of the economy. Power consumption and e-way bills have shown some sequential moderation in second half of April resulting from localized movement restrictions. Railway freight continued to register double-digit growth in April compared to the low base last year and more than 10 per cent growth compared to April 2019. Port traffic also continued to grow in March for the fifth consecutive month, mirroring the boost in global economic recovery. Automobile sales, buttressed with pent-up demand and preference for personal vehicles, demonstrated a strong YoY recovery of 115 per cent in passenger vehicles and 71 per cent in two and three wheelers in March 2021 over the low base of March 2020 due to the onset of the pandemic.



Latest data on corporate earnings signals a manufacturing turnaround in Q4: FY 2020-21, with 12.5 per cent growth in net sales and 9.5 per cent rise in income for a sample of 213 companies. Digital payments continued to gain momentum in April with UPI transactions volume and amount more than doubling previous year levels. CPI-Combined inflation rose to 5.52 per cent, mainly on account of high food inflation. WPI inflation increased to an 8-year high of 7.39 per cent, led by oil and metal prices as well as base-effect, exceeding its CPI counterpart after nearly 2 years. Softening food and fuel prices, with normal monsoon and expected supply easing of food products, may provide succour to a potent risk of rise in input prices surfacing as retail inflation.

On the external front, India's trade deficit hit its lowest in FY 2020-21 since FY 2007-08, with a stronger contraction in imports compared to that of exports. While drugs and pharma were the frontrunners in exports, safe-haven gold led the imports trajectory. In April 2021, economic recovery manifested in the rising import growth of 166 per cent and 7 per cent over 2020 and 2019 levels respectively. Exports, too, grew by 197 per cent over 2020 levels and 16 per cent over 2019 – the significant growth compared to 2019 provides a tentative indicator of the positive impact of the policy focus through, inter alia, the Production Linked Incentive Scheme. Overall, India registered a trade deficit of US\$15.24 billion in April 2021.

While overall financial conditions remained accommodative, credit growth continued to be muted at 5.3 per cent as on April 9, 2021. Sectorally, agriculture, medium industry and trade services led the credit offtake in March, while credit to small and large industry and NBFC services remained subdued. Easy financing conditions enabled the corporate sector to raise substantial funds from financial markets.

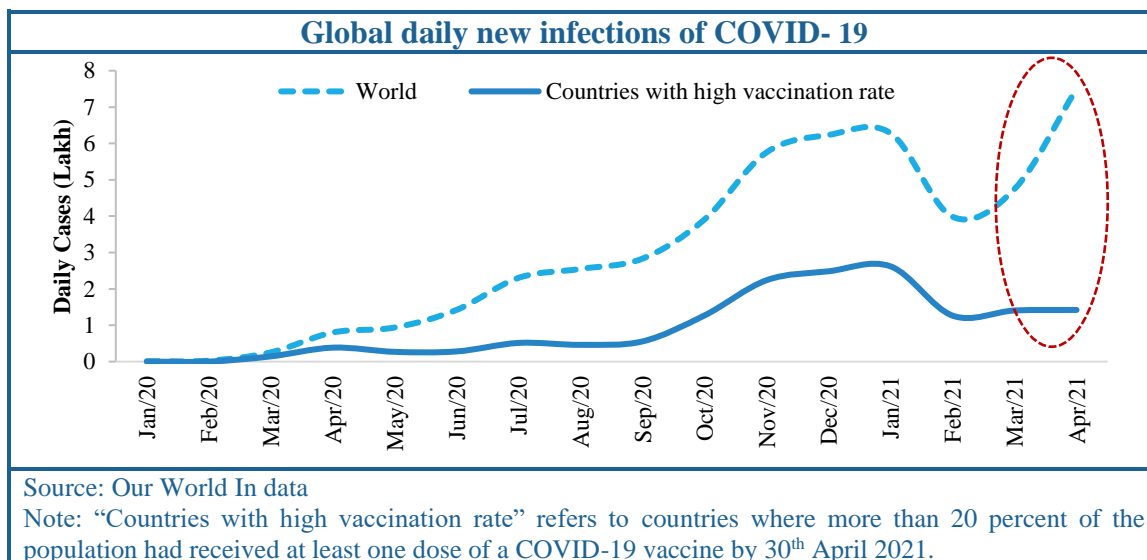
Second wave of the pandemic hit the market sentiment as Nifty 50 and the S&P BSE Sensex recorded losses of 0.4 per cent and 1.5 per cent respectively in April, and Rupee depreciated by 2.3 per cent to reach 74.51 INR/USD in April. This was mirrored by net FPI outflows of US\$ 1.18 billion in April. Domestic financial conditions, nevertheless, continue to remain comfortable with RBI's support to liquidity, with open market operations worth ₹ 3.17 lakh crore carried out in FY 2020-21. Launch of G-SAP 1.0 towards stable and orderly management of the yield curve, is a significant tool for forward guidance.

The fiscal position of the Central Government has witnessed improvement in the recent months with a revival in the economic activities during the second half of FY: 2020-21. As per provisional figures, net direct tax collections for FY 2020-21 are 4.5 per cent higher than Revised Estimates (RE) and 5 percent higher than collections in FY 2019-20 – the significant growth compared to 2019-20 provides an indication of economic recovery since the first wave. Net indirect tax collections for FY 2020-21 were 8.2 percent higher than the RE and 12.3 per cent over collections in FY 2019-20. Central GST collections during FY 2020-21 are 106 per cent of RE though 8 per cent lower than the last year's collection. In the second half of FY 2020-21, GST collections registered a good growth and collections exceeded ₹1 lakh crore in each of the last six months owing to economic recovery. GST collections registered another record high of ₹1.41 lakh crore in April, indicative of continual economic recovery.

The second wave of COVID-19 has posed a downside risk to economic activity in the first quarter of FY 2021-22. However, there are reasons to expect a muted economic impact as compared to the first wave. Learning to “operate with COVID-19”, as borne by international experience, provides a silver lining of economic resilience amidst the second wave.

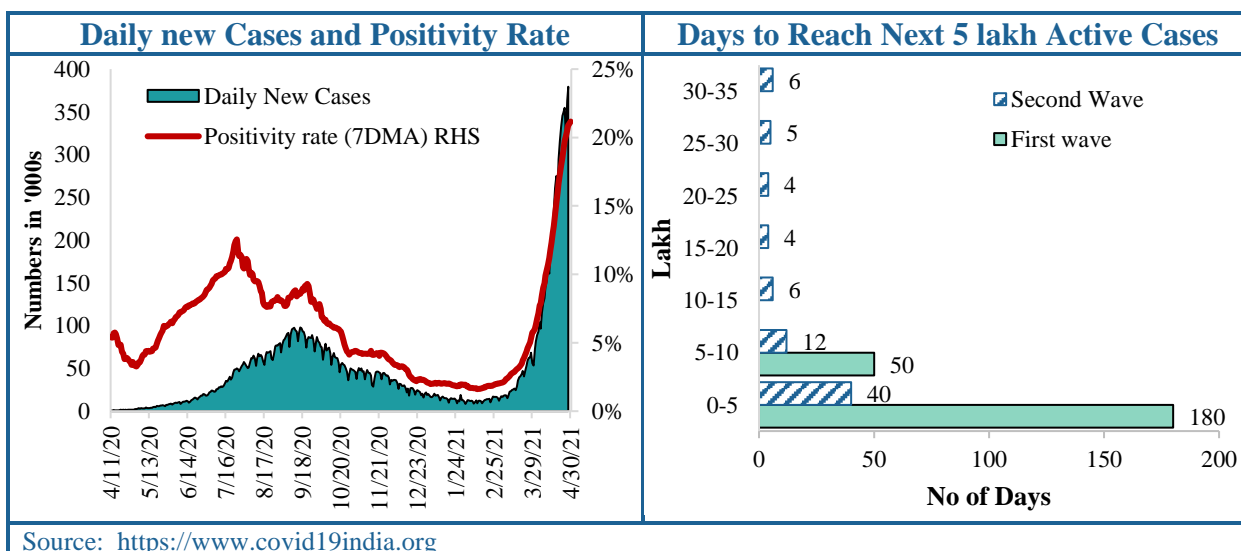
COVID-19: Rapid Resurgence of infections

1. Globally, COVID-19 cases are on the rise again, notably in India and some countries in Europe and Latin America, with the spread of more infectious variants. April recorded the highest average daily cases of 7.5 lakh witnessing a 58 percent hike compared to previous month. Global mobility, therefore, declined in April, as many countries tightened movement restrictions. At the same time, global vaccination rates have almost tripled from an average 0.7 vaccinations per thousand population per day in February 2021 to 2.3 vaccinations per thousand population per day in April 2021. The pace is, however, markedly uneven across countries. Recent trends of new cases globally show that vaccination drive has been successful in reducing transmission rates as new cases are rising at a much slower pace on average in countries with high vaccination rates.

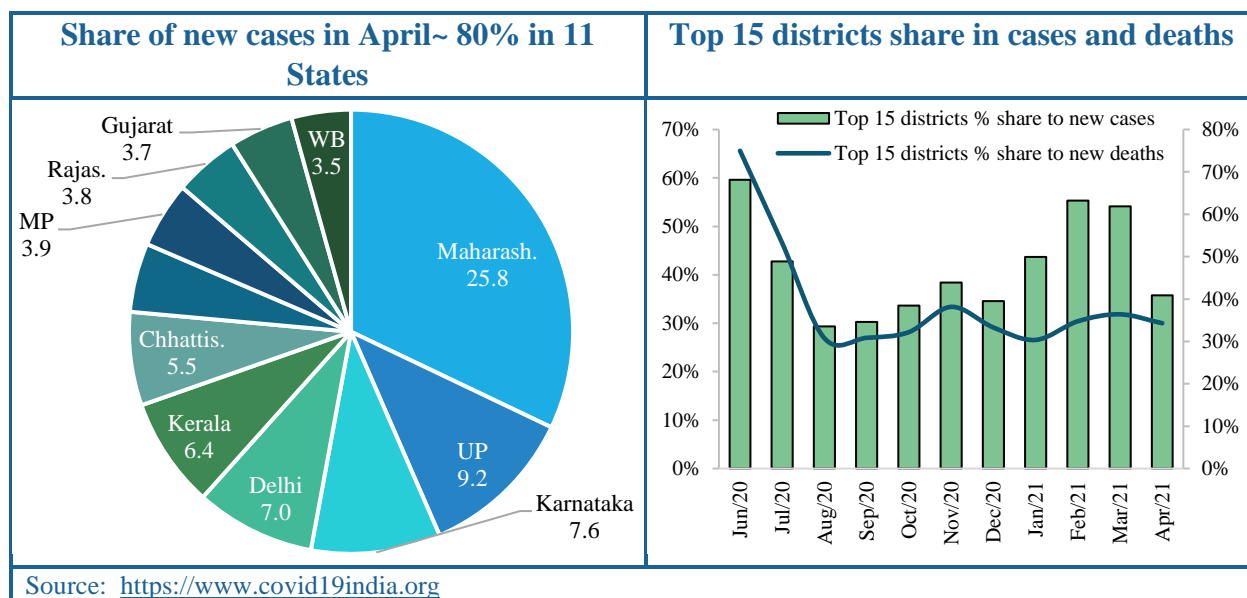


India battles the ferocious second wave

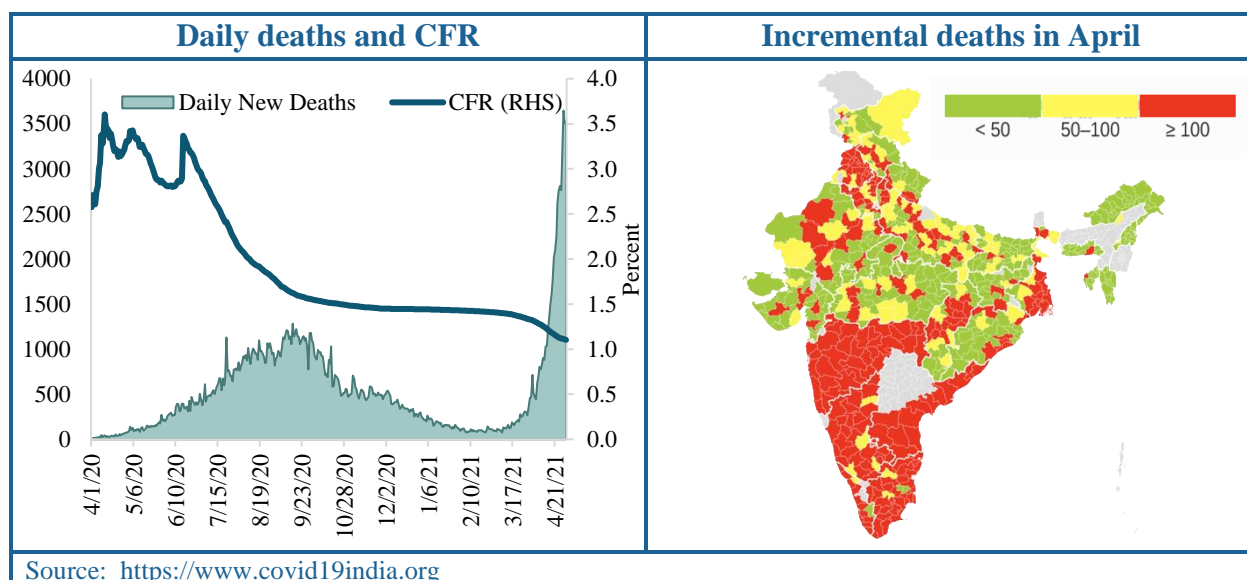
2. Several parts of India have been severely hit by the swift spread of the second wave of COVID-19 with cases continuing to reach daily new highs. The total number of active cases have surged past the 35-lakh mark, accounting for 17 percent of the total infections, while recovery is around 82 percent. During the second wave, active cases have increased at a faster pace with 5 lakh cases added in just 4 days – compared to 50 days during the peak of the first wave.



3. The share of new cases is concentrated in 11 states representing ~80 percent of the total new cases in April. Maharashtra continues to be the major contributor to the virus spread followed by Uttar Pradesh, Karnataka, Delhi and Kerala. During April, the share of top 15 districts declined both for new cases and deaths, suggesting that the new variant is highly contagious and has begun to spread to other parts of the country.



4. The second wave has seen daily new deaths being almost 3 times higher than the first wave. However, cumulative case fatality rate has been restrained and currently stands at 1.1 percent. District level data depicts that incremental deaths are more concentrated when compared to the first wave.



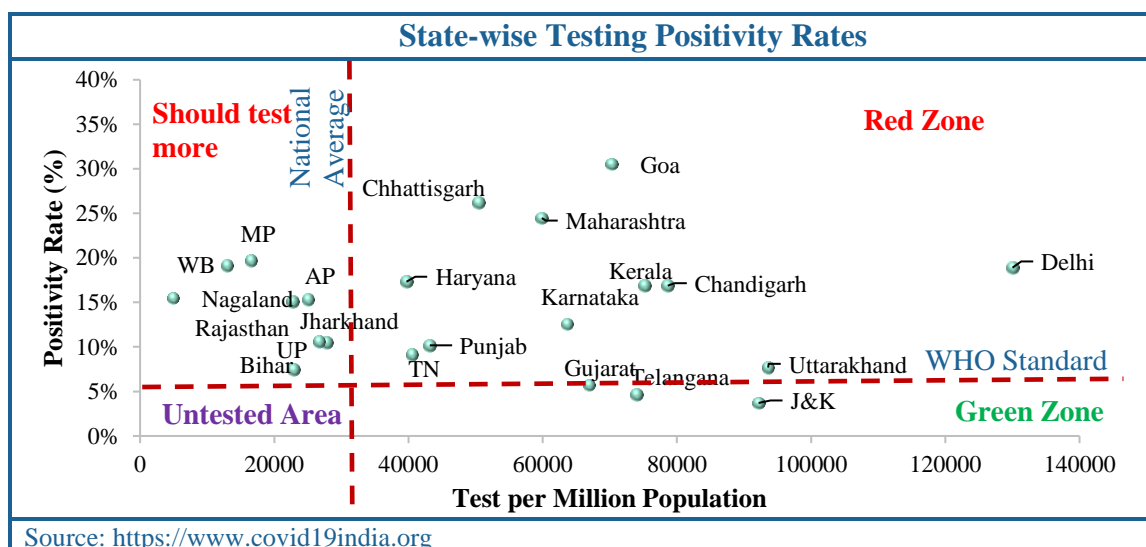
5. A rise in weekly new cases can be witnessed across all States and UTs. New cases on an average rose seven-fold in the last week of April compared to the first week of April, while positivity rate on an average has increased in the last week by four times as compared to first week of April. States like Goa, Delhi and West Bengal recorded positivity rate of more than 30 percent. On the other hand, positivity rate has shown a declining trend in Maharashtra during last week of April and might be drawing near its peak.

State-Wise COVID-19 Weekly Trend

State/UT	Weekly New Cases				Average Positivity Rate			
	4-10 Apr	11-17 Apr	18-24 Apr	25-30 Apr	4-10 Apr	11-17 Apr	18-24 Apr	25-30 Apr
Andaman and Nicobar Islands	77	156	283	335	0.7%	1.1%	2.5%	3.8%
Andhra Pradesh	15960	33549	65471	80764	7.2%	13.6%	22.4%	17.6%
Arunachal Pradesh	29	89	579	874	1.1%	3.1%	4.6%	4.3%
Assam	1357	3858	11873	17434	0.8%	1.4%	2.7%	4.9%
Bihar	11960	35954	75374	79516	2.0%	5.3%	10.6%	13.7%
Chandigarh	2488	2968	4634	4704	13.0%	14.0%	20.0%	21.0%
Chhattisgarh	68980	99719	107201	89004	22.5%	29.0%	30.0%	27.2%
Delhi	42042	113575	176784	144551	6.8%	16.5%	31.6%	32.5%
Goa	2976	4482	8923	15868	15.8%	23.5%	35.7%	40.9%
Gujarat	26463	52203	87508	86040	2.9%	4.8%	7.0%	8.7%
Haryana	17212	36353	63540	74644	8.1%	14.4%	20.7%	27.1%
Himachal Pradesh	4278	6471	10551	13149	9.1%	13.0%	17.8%	18.9%
Jammu and Kashmir	5036	7691	13208	17709	1.7%	3.0%	4.7%	6.6%
Jharkhand	10629	21865	36891	37567	6.3%	8.3%	12.2%	16.2%
Karnataka	44438	86958	162399	218745	5.7%	9.7%	14.7%	20.7%
Kerala	27773	60963	156019	193997	6.9%	13.2%	18.6%	23.9%
Lakshadweep	54	257	911	805	2.5%	5.8%	9.0%	9.2%
Madhya Pradesh	28533	63626	89871	77624	12.0%	19.7%	24.0%	22.2%
Maharashtra	390428	426756	458129	373636	26.0%	24.7%	24.4%	22.7%
Manipur	71	163	632	1305	1.1%	2.4%	6.3%	11.3%
Meghalaya	140	552	988	1060	1.0%	3.9%	7.0%	8.2%
Mizoram	96	226	474	736	1.4%	1.8%	3.8%	4.7%
Nagaland	38	136	467	973	2.7%	7.2%	14.4%	25.8%
Odisha	5958	16412	36747	42853	2.8%	7.2%	13.6%	17.0%
Puducherry	1605	3371	5163	6351	8.6%	12.0%	14.7%	17.3%
Punjab	21279	25405	36972	38863	8.4%	10.4%	11.0%	12.6%
Rajasthan	21092	45667	94273	99373	6.8%	13.8%	19.8%	22.6%
Tamil Nadu	30590	53912	85601	100427	5.2%	8.3%	10.6%	12.8%
Telangana	13272	22240	40775	48500	2.4%	3.0%	5.3%	9.4%
Tripura	162	248	496	740	1.7%	1.9%	2.9%	2.8%
Uttar Pradesh	50816	144315	230260	201010	3.8%	9.7%	15.3%	16.2%
Uttarakhand	5765	13924	26030	33088	2.5%	4.9%	10.9%	14.3%
West Bengal	18840	41010	76553	100305	8.5%	14.0%	21.8%	31.3%

Source: <https://www.covid19india.org>

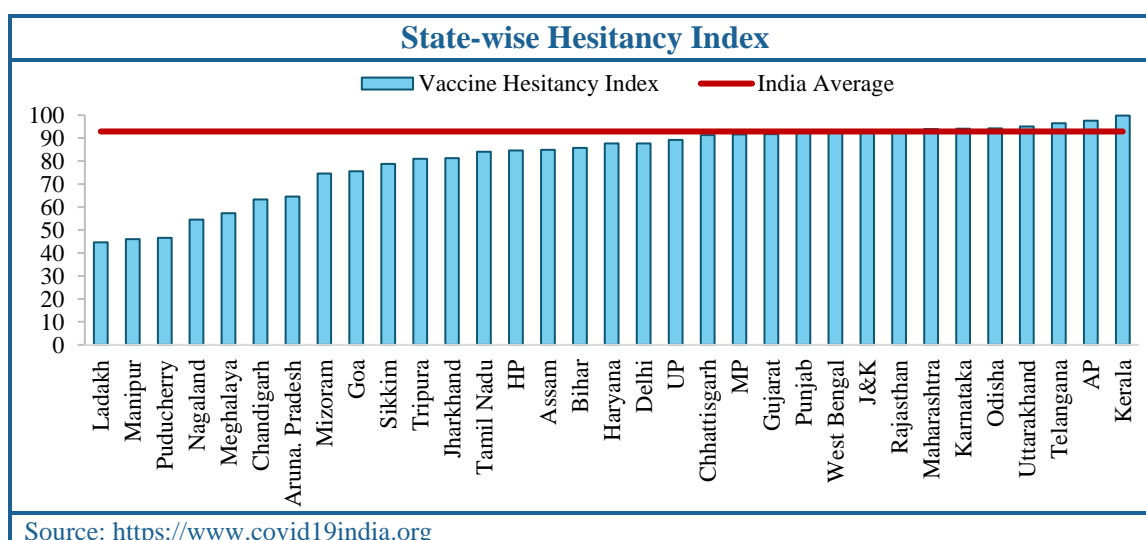
6. Keeping the focus on “Test, Track, Treat, Vaccinate and COVID-appropriate Behaviour” strategy, India’s testing also touched new peaks with more than 19 lakh daily tests conducted in last few days. India positivity rate rose sharply from 6.4 per cent in March 2021 to 20.7 per cent in April 2021, amid the highly contagious new variants of the virus. Given the high positivity rates, most of the States need to expand testing as is evident from the figure below.



Vaccination: Key to curb pandemic spread and to sustained economic recovery

7. India's vaccination phase-I prioritized the protection of Health Care Workers (HCWs) and Front-Line Workers (FLWs). As systems and processes stabilized, phase-II focused on protecting the vulnerable i.e., all people above 45 years of age, accounting for more than 80 per cent of the COVID-19 mortality in the country. During the second wave, however, around 50 per cent of the cases reported belong to younger population less than 45 years of age. To curb the rapid rise in daily cases, phase-III vaccination drive has begun from 1 May 2021 to vaccinate people belonging to the age group of 18-45 years. Vaccination access and pricing has also been deregulated to quicken the pace of vaccination across states and across all age groups.

8. Vaccination is gaining pace, with cumulative administered doses surpassing 16 crore. Of these, 3.6 crore doses have been administered to healthcare and frontline workers – the warriors combating the pandemic. While 6.6 crore doses have been administered to senior citizens, 5.9 crore doses have been administered to citizens aged 45 to 60 years. 9,02,731 beneficiaries of the age group 18-44 years have received their first dose of COVID vaccine across 12 States/UTs. Initial vaccine hesitancy seems to have receded with average daily doses more than 29 lakh in the month of April 2021 as compared to 15.7 lakh in March 2021. State-wise Vaccine Hesitancy Index calculated as doses administered per 100 doses available show that North Eastern states and states like Goa, Jharkhand, Delhi, Bihar, Haryana, Uttar Pradesh are experiencing vaccine hesitancy.



9. The Government has actively taken various measures to address the emerging issues for effective management of the recent unprecedented spike in COVID19 cases across country.

Health Measures taken to combat COVID-19 pandemic

Areas	Measures Undertaken
Containment measures	<ul style="list-style-type: none"> Creation of containment zone for a period of 14 days on basis of 2 parameters: <ul style="list-style-type: none"> -Test positivity of 10% or more in last one week -Bed occupancy of more than 60% on either oxygen supported or ICU beds
Ensuring adequate supply of oxygen and other medication	<ul style="list-style-type: none"> 1101 new Pressure Swing Adsorption (PSA) oxygen plants along with procurement of 1 lakh portable oxygen concentrators sanctioned under PM CARES Fund Prohibition of supply of oxygen for industrial purpose Imports of 20 cryogenic tankers of 10 MT and 20 MT capacity and allocated them to States Delivery of liquid medical oxygen (LMO) by 'Oxygen Express' of Indian Railways to Maharashtra, Uttar Pradesh, Madhya Pradesh, Delhi, Haryana and Telangana. IAF planes brought in cryogenic oxygen tanks from Singapore and have been used for transporting oxygen tanks in the country to reduce travel times. Full exemption from basic customs duty and health cess on import of the items related to Oxygen and Oxygen related equipment for a period of three months. IGST on import of oxygen concentrators for personal use cut to 12% Medical supplies received as donation from abroad for free distribution exempted from IGST Creation of dedicated helpdesk by CBIC for handholding trade, industry and individuals to expedite customs clearance of imports related to COVID-19 Full exemption on basic customs duty on import of Injection Remdesivir and Remdesivir Active Pharmaceutical Ingredients (API) Banning the export of Remdesivir and its API Production capacity of Remdesivir ramped up from current level of 38 lakh vials per month to 74 lakh vials per month, and 20 additional manufacturing sites approved. All domestic manufactures of Remdesivir advised to display on their website, details of their stockists/distributors to facilitate access to the drug. Drug inspectors and other officers have been directed to take effective actions to curb hoarding and black marketing.
Availability of Medical Personnel	<ul style="list-style-type: none"> Medical personnel completing 100 days of COVID-19 duties to be given priority in forthcoming regular Government recruitments Medical Interns deployed in COVID-19 Management duties under faculty supervision Final Year MBBS students can be utilized for tele-consultation and monitoring of mild Covid cases under supervision of faculty B.Sc./GNM Qualified Nurses to be utilized in full-time COVID-19 nursing duties under the supervision of Senior Doctors and Nurses. Medical personnel completing 100 days of COVID-19 duties will be given Prime Minister's Distinguished Covid National Service Samman
Support for Vaccination drive	<ul style="list-style-type: none"> Clearance of an advance payment of Rs 4,600 crore to Serum Institute of India and Bharat Bio Tech, to help them ramp up capacities. Permission for restricted use in emergency situations to Sputnik-V vaccine. Basic Customs Duty on import of COVID-19 vaccines exempted for a period of three months. COVID-19 vaccination sessions may be organized at workplaces which are having about 100 eligible and willing beneficiaries

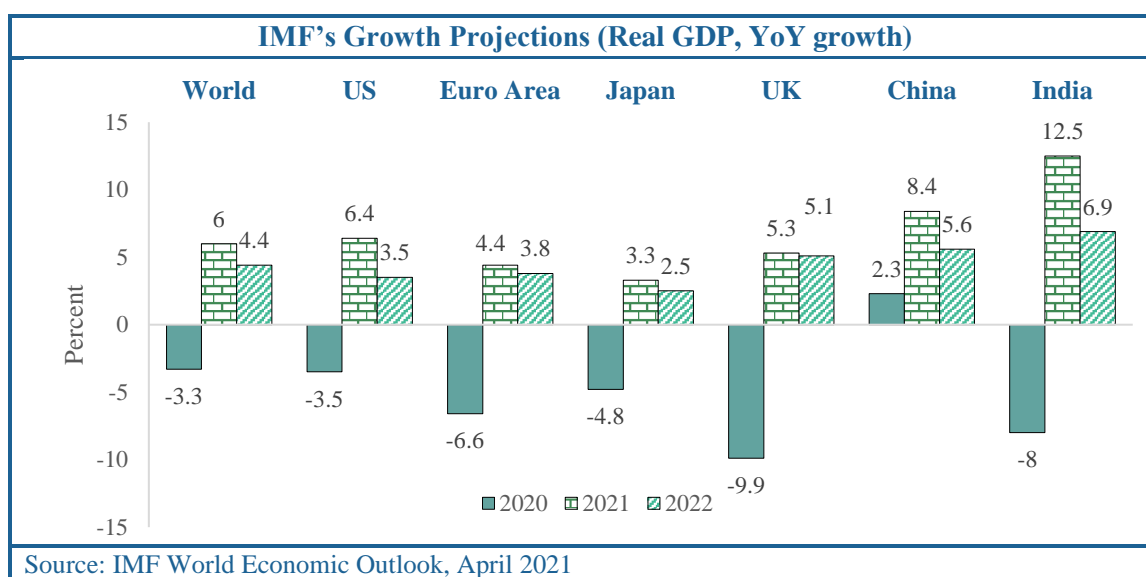
Source: Various PIB Releases

10. Growing infections and consequent restrictions, though local/ regional in nature, have imparted a downside risk to economic activity. The impact of restrictions is evident in a decline in the google mobility indicator to -37 percent in April 2021 from around -22 percent in the preceding month. The Oxford Stringency Index in India has surged to around 71 in April 2021 from 59 in the preceding month, though it is still below 100 in April 2020 and average of 85 in Q1: FY 2020-21.

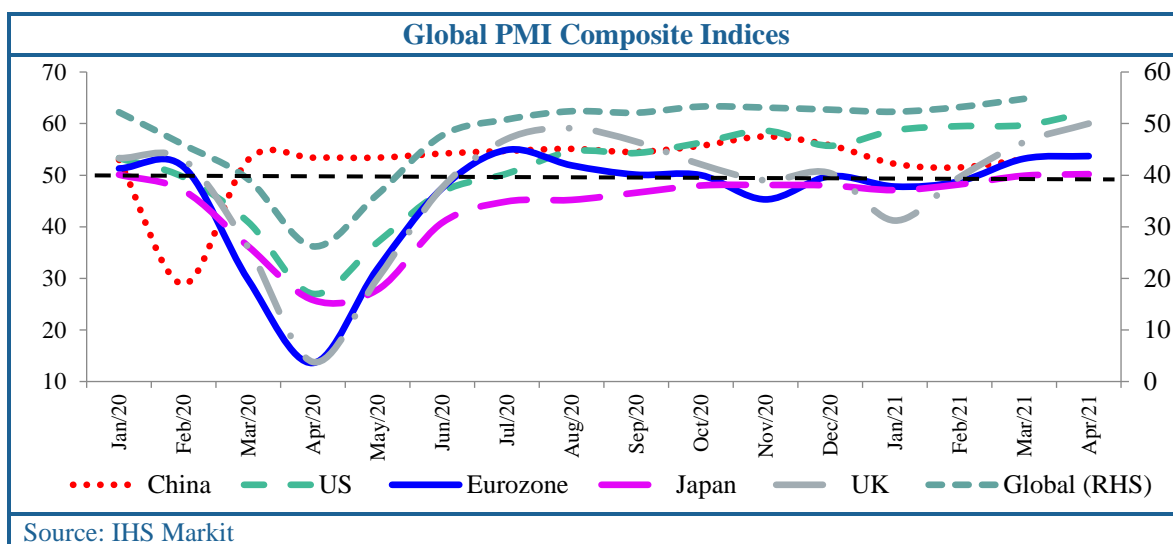
11. The global policy response towards second waves and beyond have mostly taken the form of localized movement restrictions, curfews, and restrictions on public gatherings. Global experience also suggests that economic impacts from subsequent waves are smaller than from the first as economies learn to 'operate with COVID'. The increased coverage of population under vaccination has been effective both in controlling the spread of covid and boosting mobility. The need of the hour is, therefore, to expand vaccination at a fast pace.

Global Economy: Renewed Optimism amid heightened need for global cooperation

12. Global growth projections have been revised upwards by IMF, with upward revisions in second half of 2020 for most countries as movement restrictions were eased and economies adjusted to new ways of working. Improved outlook for 2021 and 2022 was borne out of vaccine-facilitated recovery and additional fiscal support by few large economies.

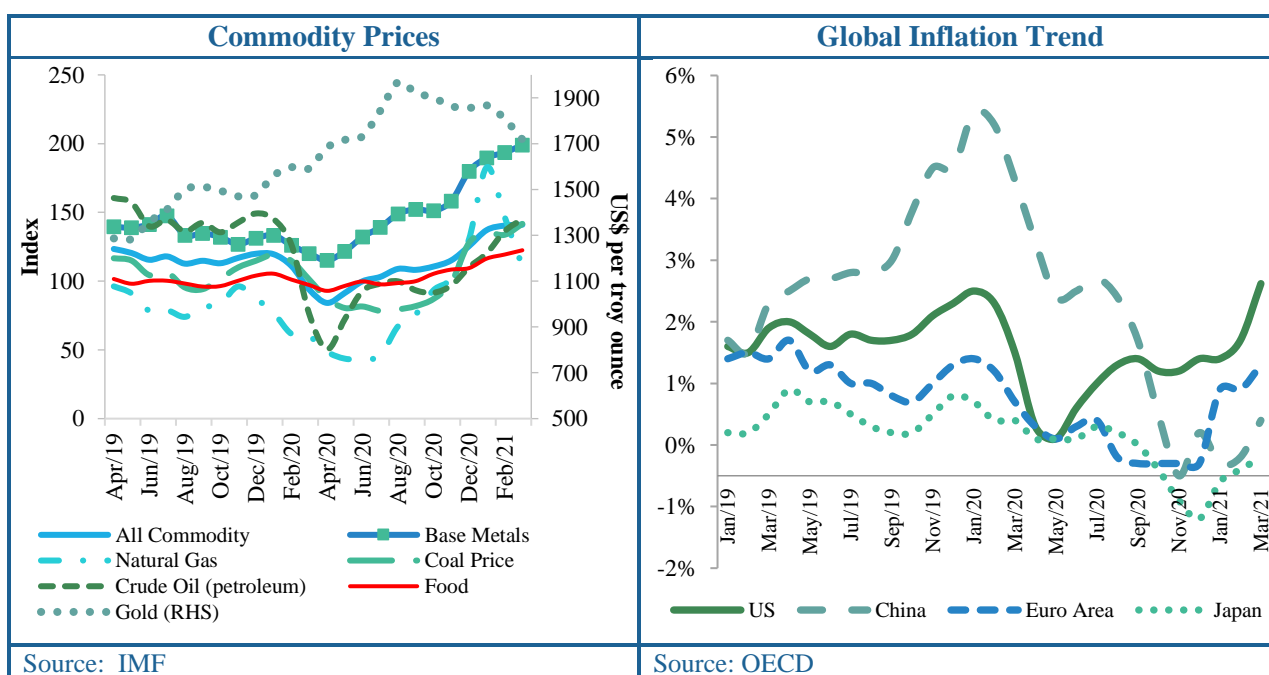


13. Global PMI continued its broad-based rise in March, with manufacturing PMI registering a 10-year high and services PMI reviving to 33-months high. With major fiscal support measures announced in US, activity levels continued their upturn into April, firmed by reopening of service sector, as more than half of the population got vaccinated. UK PMI saw the fastest private sector growth since 2013, with loosening of movement restrictions. The PMI expansion in Eurozone continued for second month in April, driven mainly by manufacturing. Japanese PMI ventured into expansionary zone in April for the first time since January 2020, led by manufacturing activity and exports, while services sector continued to contract.



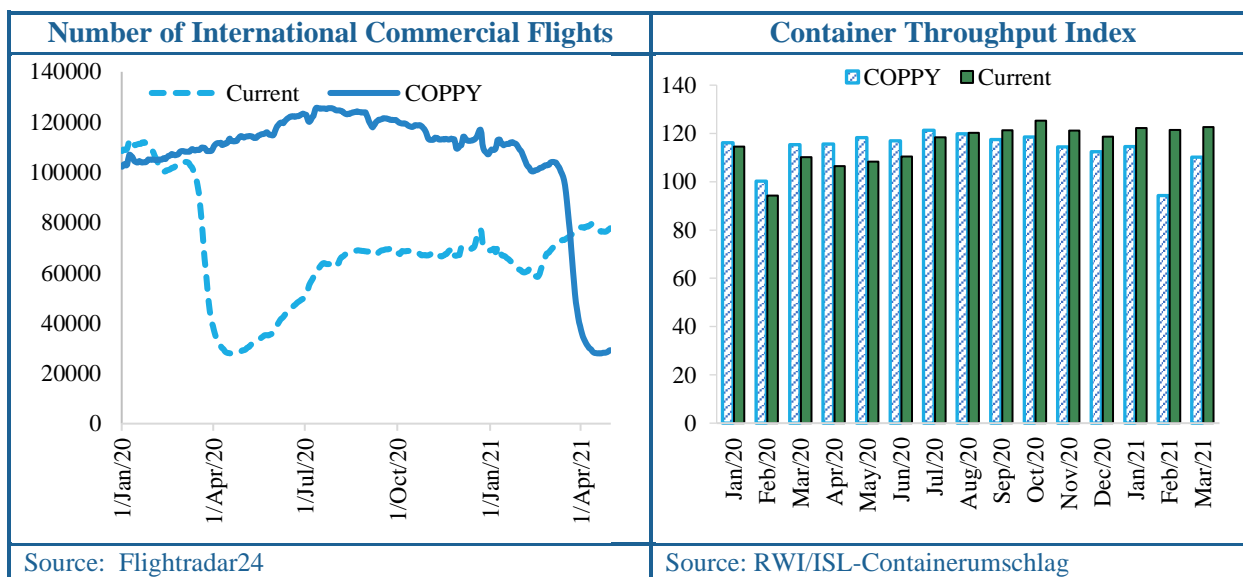
Commodity and Inflation

14. Overall commodity prices continued their rise in March, led by demand revival and optimism regarding US infrastructure package, and supply disruptions in metals including copper and nickel. A broad-based rise in commodity prices poses inflation risks especially in presence of decidedly accommodative monetary conditions. Crude oil prices, on the other hand, softened in March after firming up in February considering renewed COVID-19 surges, intermittent vaccinations in Europe, and easing of supply cuts. Gold prices, too, have been declining on the back of dollar depreciation and lower US long term bond yields. Powered by strong recovery, rise in gasoline prices and base effect, consumer price inflation in US firmed up to 2.6 per cent. Euro area inflation rose to 1.3 per cent, with significant variation across member countries driven mainly by services and energy prices. CPI inflation in China rose slightly on the back of renewed demand, energy prices and base effect. A 4.4 per cent rise in China's producer prices, strong recovery in US and supply disruptions posed further input price risks to the global economy. Prices in Japan underwent a modest fall of 0.1 per cent in March.



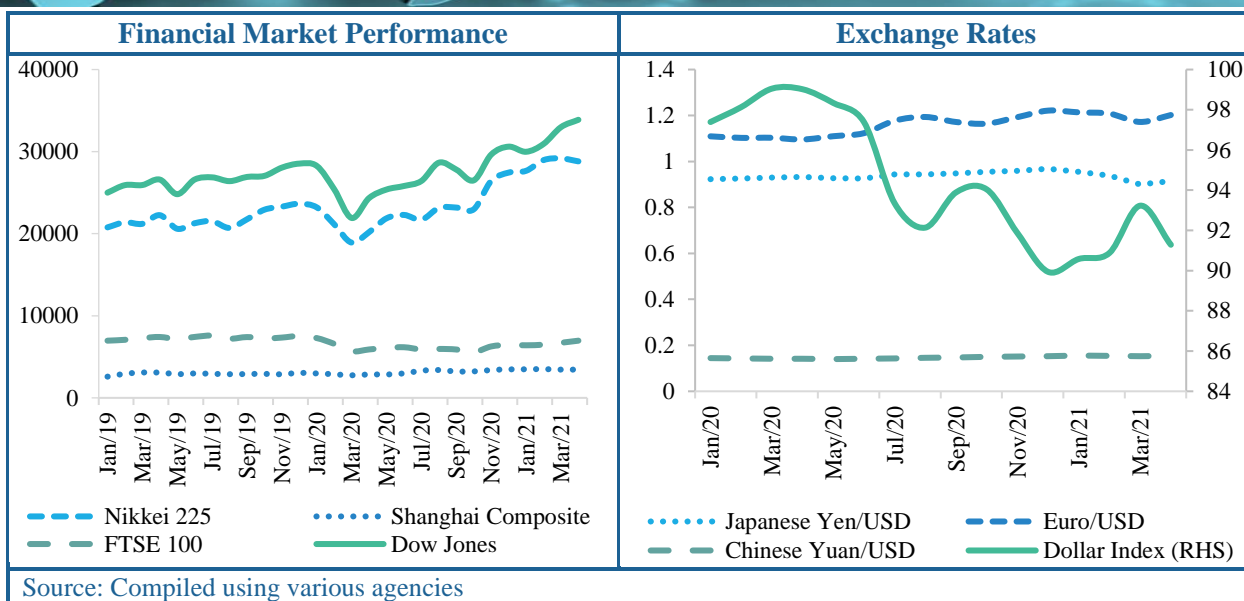
Global Trade

15. World trade recovered further in April, with uptick in manufacturing activity followed by a nascent recovery in services trade. On the downside, freight rates have been hiked by the surging demand for containerized exports from Asia. The backlog of supply stuck up due to Suez Canal blockage in March is likely to have spilled over to April trade, tightening an already stretched supply for semiconductors industry. Global commercial flight activity and port activity further rose in April. While air transport remains more than 25 per cent below pre-pandemic levels, the average daily number of international commercial flights in April rose by 6 per cent Month on Month (MoM) and 161 per cent Year on Year (YoY) (given the base effects).



Financial markets

16. Global financial conditions remained favourable as US recovery, increasing vaccinations, and lower bond yields fared well for stock market buoyancy. While US equity market scaled a new peak in mid-April and equities of advanced economies remained bullish, COVID-19 resurge-related anxieties surfaced in the second fortnight. UK's FTSE 100 underwent a similar trend, closing at 3.8 per cent higher at end of April compared to March-end. Capital outflows from emerging market economies eased with softening of bond yields. However, country-specific factors such as COVID-19 resurgence in India and consequent bearish sentiment underpinned a modest rise in overall equity indices. Resurging cases also cast a shadow on Japan's Nikkei 225, which fell modestly by 1.3 per cent in April-end compared to March-end. China's Shanghai Composite Index rose modestly as corporate earnings increased on the back of strong raw material demand. In the currency markets, US dollar index weakened by 2.1 per cent MoM in April against a defined basket of currencies due to easing of bond yields. Euro, Yen, and Chinese Yuan appreciated slightly on the back of weakened dollar and economic recovery.



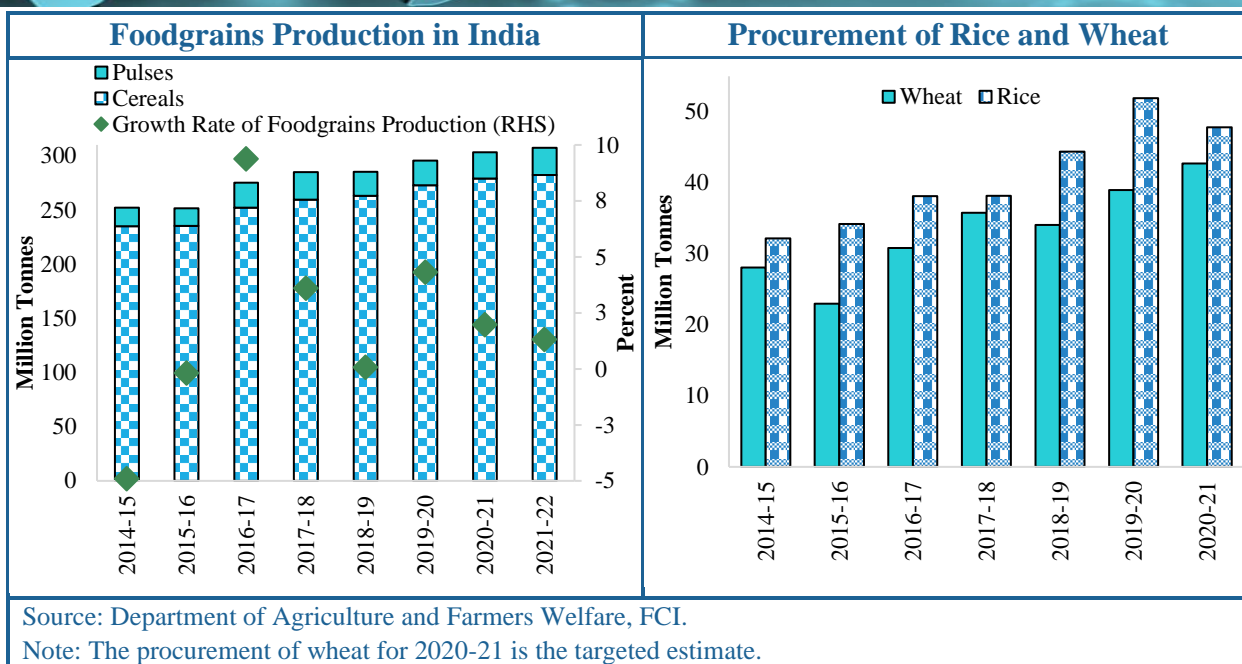
17. Global economic recovery has strengthened further in April, despite renewed surge in COVID-19 cases and emergence of new and more infectious strains. Strong global demand for goods was accompanied by rise in services sector activity. Rise in vaccinations, loosened movement restrictions, and fiscal support by few large economies has infused optimism in global markets with upward revisions to global growth forecasts. However, immediate and long-term concerns of disparity in vaccine access, slowing human capital formation, and rising debt levels call for active global cooperation.

Domestic Macro-economic overview: Real sector continues to recover though the impact of second wave moderates the momentum of recovery

Agricultural Sector

18. India is set to have the third consecutive normal monsoon this year with India Meteorological Department's (IMD's) prediction of a normal southwest monsoon in June-September at 98 per cent of the long period average (LPA). This follows the above-average monsoon rainfall of 110 per cent of LPA and 109 per cent of LPA, respectively, in 2019 and 2020. India had earlier experienced three consecutive years of normal rainfall in 1996, 1997 and 1998. IMD has introduced a new dynamic Multi-Modal Ensemble (MME) forecasting system this year which will provide month-wise and state-wise probability rainfall forecasts. This will enable a better idea of probable spatial and temporal distribution of monsoon rains. This, in turn, will help the farmers to plan sowing and harvesting of their crops and enhance their productivity and production levels. This would also guide Government authorities to achieve a better state of disaster-preparedness against floods and famines across specific districts.

19. With the prediction of a 'normal' monsoon, the government has set a record target to raise foodgrain production by 1.3 percent to 307.31 million tonnes during 2021-22 crop year, starting July. Public procurement of rice and wheat during the year 2020-21 has been going smoothly. The government has set a target to buy 42.74 MT of wheat for the central pool during 2021, which is nearly 10 percent more than actual quantity purchased last year. FCI currently has adequate availability of stocks of food grain with more than 77 million tonnes of food grain, 3.6 times the mandatory stock requirement for April.



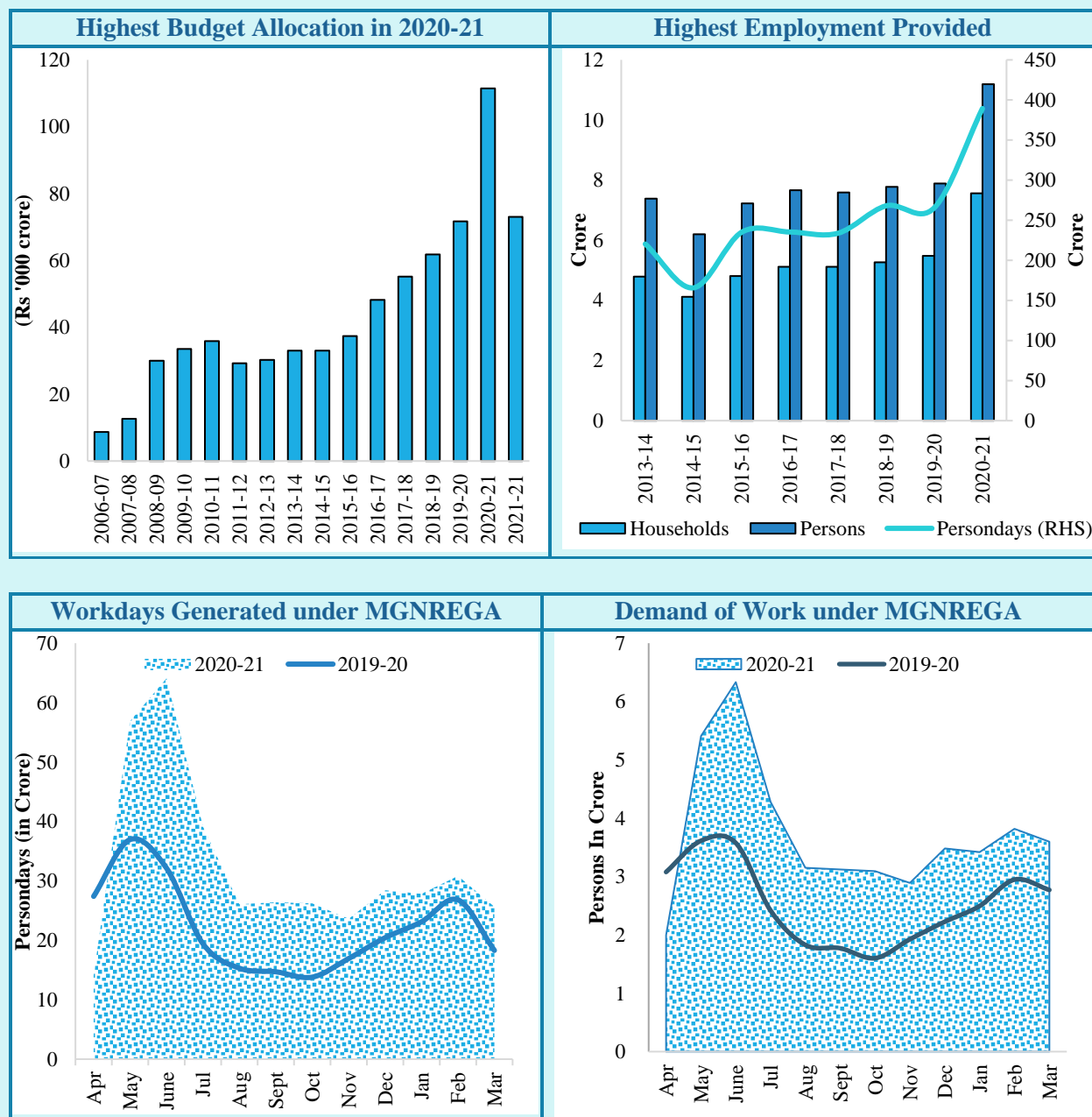
20. In view of the resurgence of the second wave of COVID-19, it has been decided to allocate an additional free-of-cost food grains @ 5 kg per person per month to nearly 80 Crore beneficiaries covered under National Food Security Act, 2013 over and above their regular monthly entitlements for May and June 2021 under the ‘Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY)’. During 2020-21, Government of India had announced PMGKAY-I (April-June 2020) and PMGKAY-II (July-November 2020) under which 104 LMT wheat and 201 LMT rice were supplied by FCI to the respective State/ UT governments. MGNREGS was a critical support in providing rural employment during the last year with continued high demand of work by 3.7 crore persons (86.5 per cent increase) and generation of 21.2 crore persondays of employment (50 per cent increase) in April 2021.

MGNREGA: Bedrock of support for Rural India in times of crisis

Launched in 2005 under the National Rural Employment Guarantee Act (NREGA), India’s National Rural Employment Guarantee Scheme (NREGS), implemented by Ministry of Rural Development, is one of the largest demand driven public employment scheme in the world. It was notified in 200 districts initially starting February 2006, extended to an additional 130 districts in 2007-2008 and remaining from April 2008. Today, it covers the entire country except for districts that have a hundred percent urban population. NREGA was rechristened as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on 2 October 2009 on the 50th Anniversary of Panchayati Raj system in India with 2009-2010 observed as the year of Gram Sabha. It provides at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. There are two important legislative provisions under MGNREGA- (i) work should be provided within 15 days of demanding for work failing which the workers are entitled to an unemployment allowance and (ii) workers should be paid within 15 days of completion of work failing which they are entitled to a delay compensation.

MGNREGA assumed renewed significance as a lifeline for rural distress caused by the COVID-19 pandemic. The Scheme received an all-time high budget allocation of Rs. 61,500 crore under MGNREGA for FY 2020-21 with an additional provision of Rs. 40,000 crore made under the Atmanirbhar Bharat Abhiyan. This was a 55.5 per cent increase over the actual expenditure on the Scheme in 2019-20. The Scheme emerged as a critical social protection buffer in the first half of

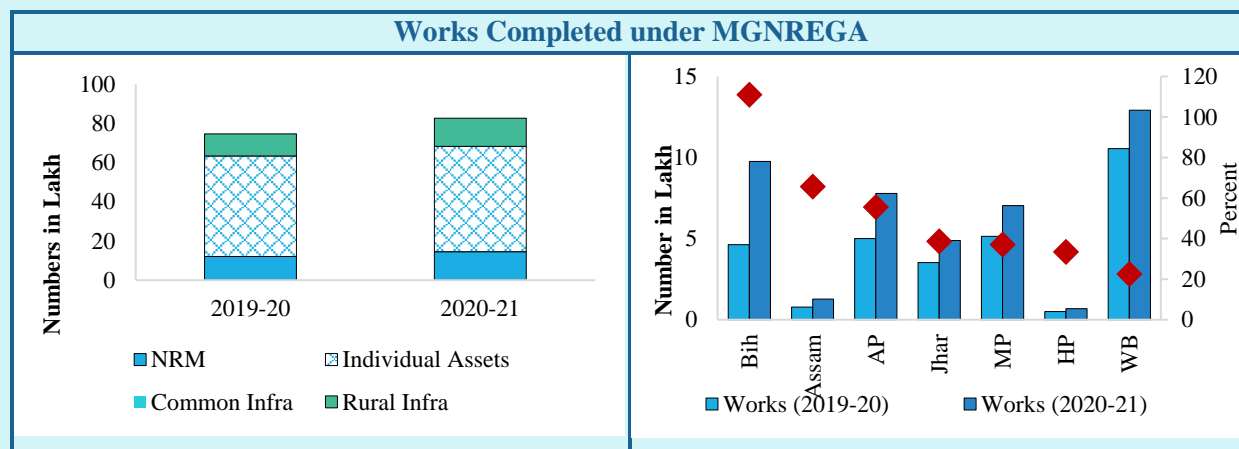
2020-21. It provided employment of a record 389 crore persondays to 7.6 crore households and 11.2 crore persons in 2020-21. The months of June and July 2020 witnessed an unprecedented surge in both work demanded and supplied under MGNREGA.



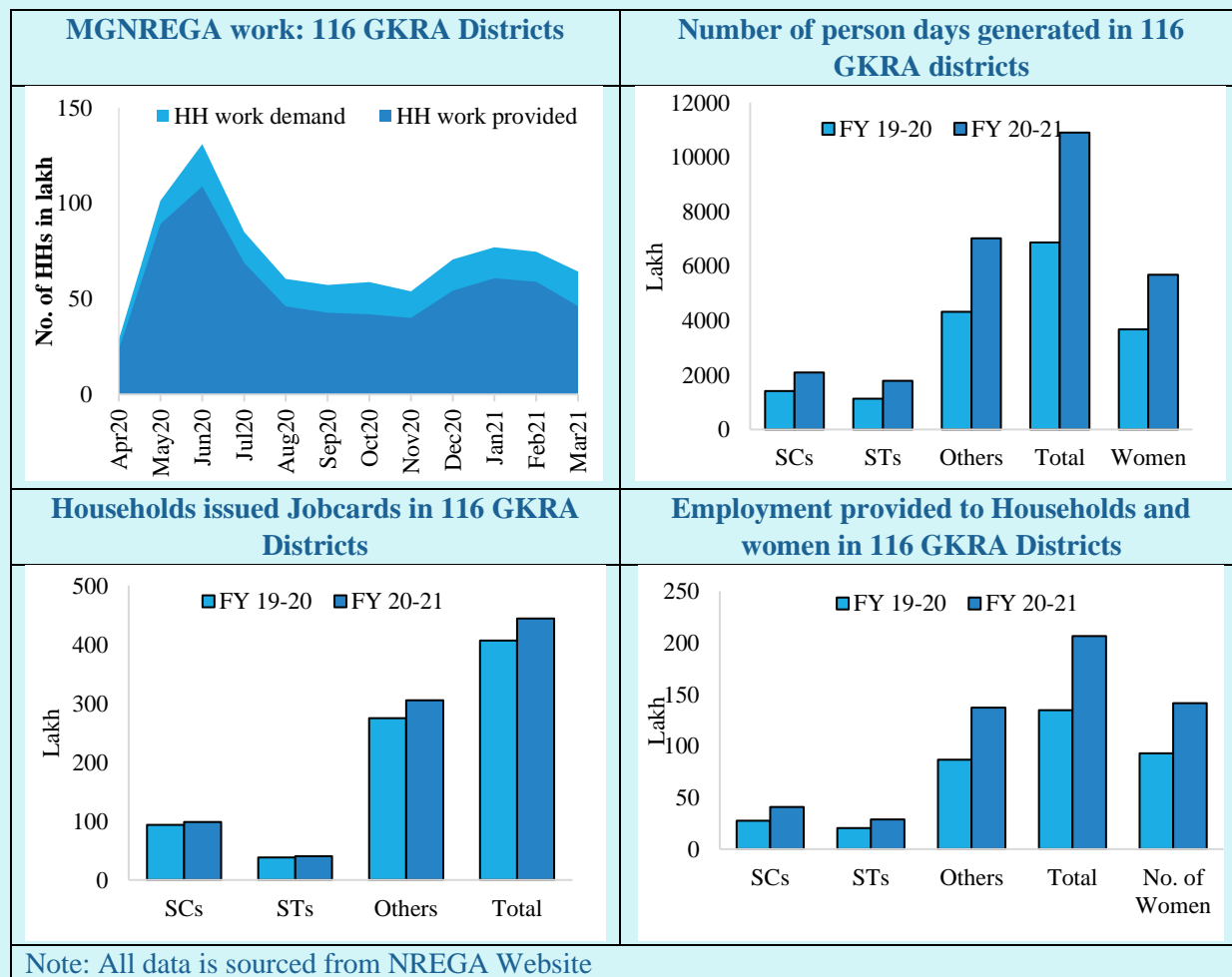
MGNREGA became the main livelihood source for millions of migrants and other workers in rural India providing much needed daily wages and subsistence. With Government having notified increase in daily wages at a difficult time across all States/UTs, the average wage paid to a MGNREGA worker stood at Rs. 204 in March 2021 as compared to Rs. 184 in March 2020.

A major thrust of MGNREGA in the last five years has been creation of durable community and individual beneficiary assets. In FY 2020-21, a total of 82.7 lakh works got completed under MGNREGA, an increase of 10.8 per cent over the previous year. Maximum YoY growth in asset creation was seen in rural infrastructure (28.6 per cent) and Natural Resource Management Works (NRM) (20.9 per cent) such as check dam, ponds, renovation of traditional water bodies, land development, embankment, field bunds, field channels, plantations, contour trenches. Individual assets for households of vulnerable sections, which inter-alia include development of fallow/waste

lands, house construction and promotion of livestock and fisheries, also witnessed a 4.5 per cent growth in completed works in the FY 2020-21. Bihar saw the highest YoY growth in works completion in the pandemic year.



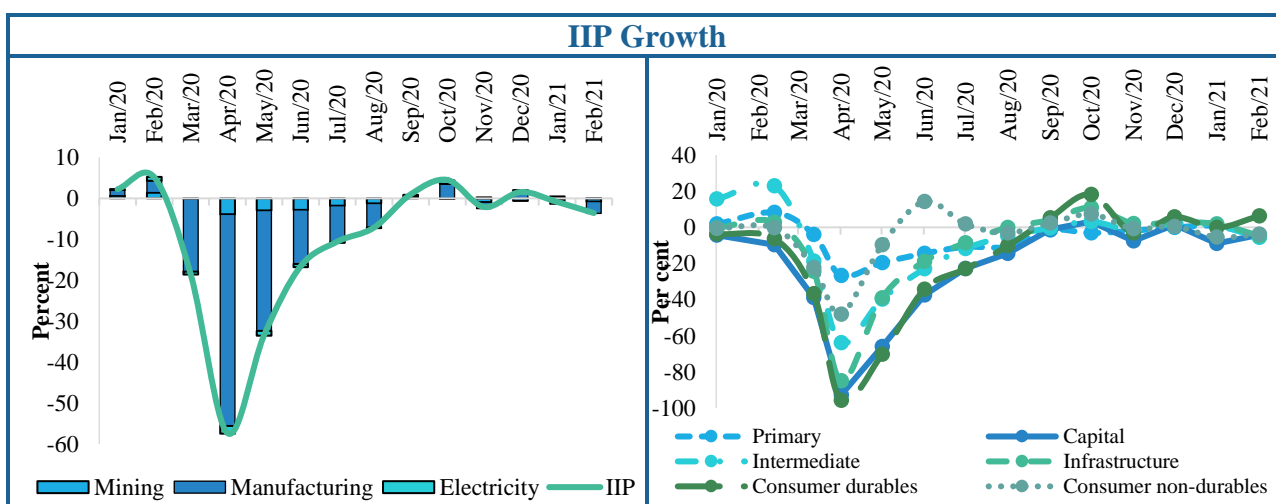
To address the issues of returnee migrant workers and similarly affected rural population through a multipronged strategy of providing immediate employment & livelihood opportunities to the distressed, a massive employment-cum-rural public works Campaign named ‘Garib Kalyan Rojgar Abhiyaan’ (GKRA) was launched on June 20, 2020 in 116 selected districts across 6 States of Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand and Odisha with a resource envelope of Rs 50,000 crore. MGNREGA helped absorb this sudden surge of work demand, especially in these 116 districts as is evident from figures below.



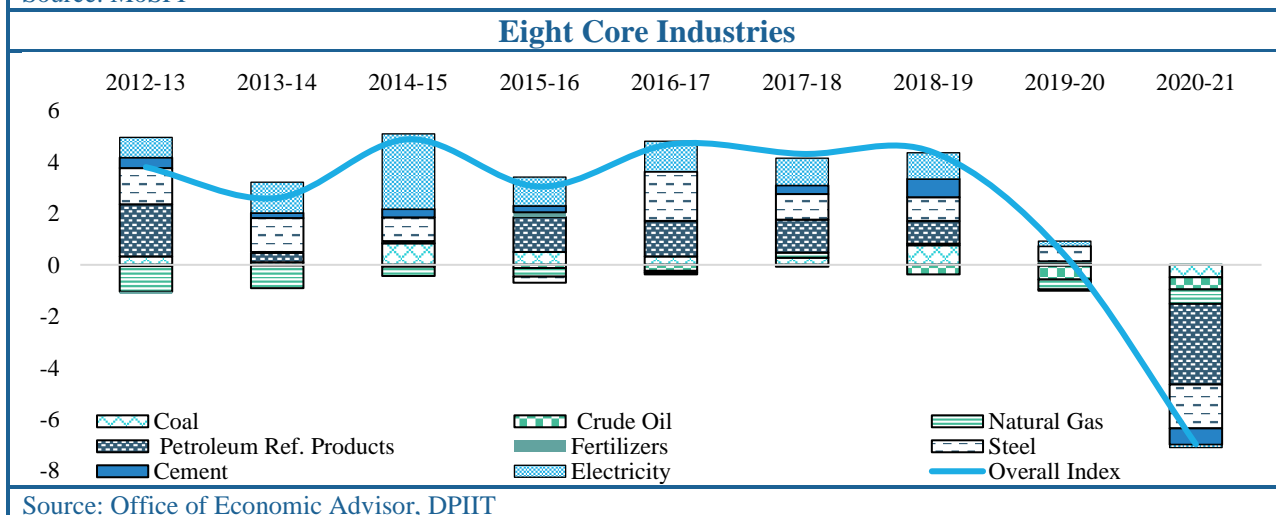
Industry

21. After registering a growth of 1.6 per cent in December 2020, industrial production moved into the negative territory by contracting 0.9 per cent in January 2021 (against growth of 2.2 per cent in January 2020) and 3.6 per cent in February 2021 (against growth of 5.5 per cent in February 2020). The sequential deterioration in February 2021 relative to January 2021 was broad-based across sectors with YoY contraction in manufacturing and mining at 3.7 per cent and 5.5 per cent respectively. The use-based categories displayed a mixed trend with the main input sectors viz; primary goods, capital goods, intermediate goods and infrastructure/construction goods sector recording negative growth in February 2021. IIP is based on production estimates of 407 items (5-digit NIC classification), out of which during February 2021, only 195 items have recorded a growth – lower than 218 items and 208 items December 2020 and January 2021, respectively.

22. The Eight Core sector output rose to a 32-month high of 6.8 per cent in March 2021 chiefly on account of a negative base of - 8.5 per cent in March 2020 due to the onset of the pandemic. For FY 2020-21, the core sector contracted by 7 per cent compared with a subdued pace of 0.4 per cent in FY 2019-20. During the year, there has been a broad-based decline across almost all the sectors with the impact being sharp in refinery products, steel and cement sector. Fertiliser has been the only sector which saw growth on the back of robust demand from the agricultural sector. The impact on electricity production has been relatively lower as resumption of economic activities in the second half of the fiscal supported its growth.



Source: MoSPI

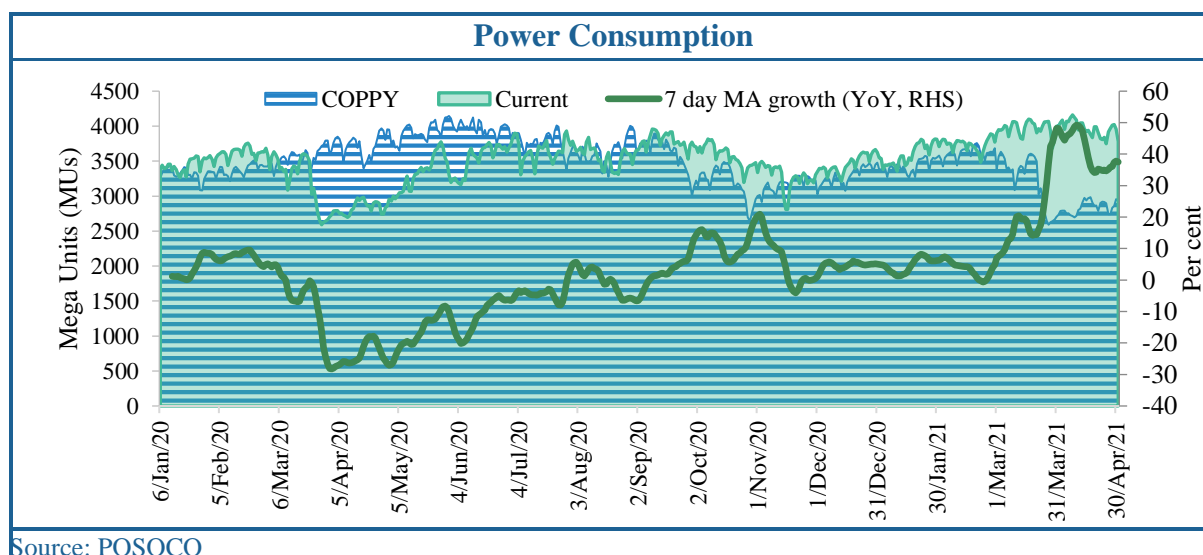


Source: Office of Economic Advisor, DPIIT

23. India's PMI Manufacturing Index of 55.5 in April, a slight improvement over 55.4 in March, indicated that prospects for India's manufacturing sector remained favourable as companies scaled up production in line with a further improvement in demand. Consumer goods was the strongest-performing category, followed by capital goods and then intermediate goods. New export orders increased for the eighth consecutive month in April and at the fastest rate since October 2020 with a pick-up in international demand for Indian goods.

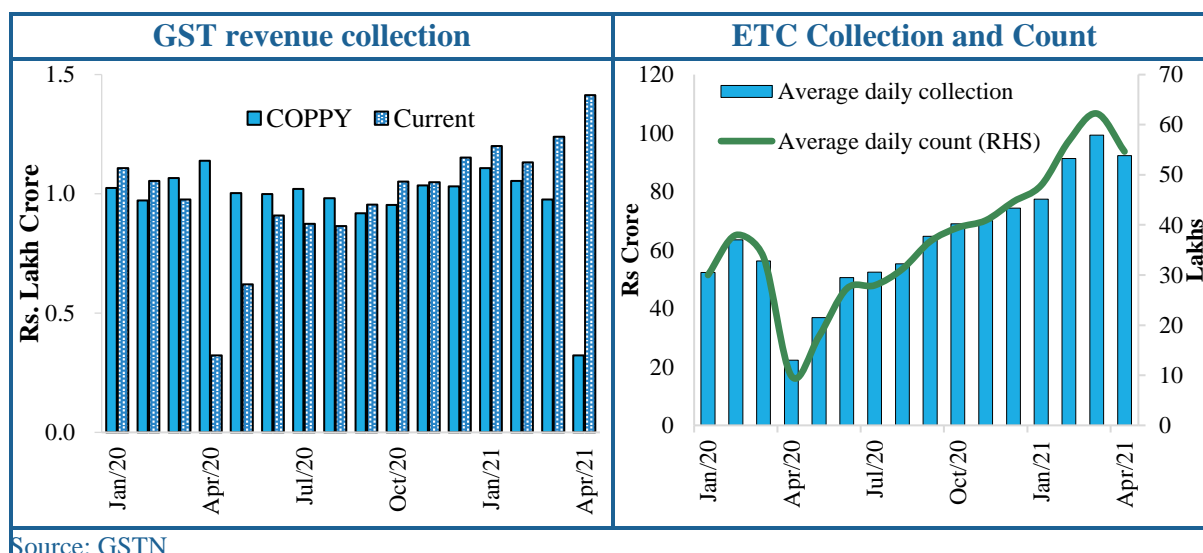
24. As per the RBI OBICUS Survey, the aggregate level of capacity utilisation improved to 66.6 per cent in Q3:2020-21 from 63.3 per cent recorded in Q2:2020-21, on the back of strengthening of production activities and easing of the restrictions related to the COVID-19 pandemic. As per RBI's Industrial Outlook Survey, manufacturing companies assessed further strengthening of production, order books and employment during Q4:2020-21. For the first three quarters of FY 2021-22, manufacturers are optimistic on improvement in production, capacity utilization, employment conditions and the overall business situation.

25. India's power consumption registered a growth rate of 40 per cent in April 2021 over April 2020 and 6.5 per cent over April 2019, signalling sustained industrial and commercial activity. While the low base of April 2020 also contributed to the high growth number for April 2021, the growth of 6.5 per cent over April 2019 is indicative of the economic recovery in manufacturing. While power consumption has been recovering since September 2020 to reach record levels during the first week of April 2021, the second half of April 2021 showed some signs of moderation. There are variations across States— some like Maharashtra, Gujarat and Madhya Pradesh have shown moderation in April 2021 as compared to March 2021 while some like Karnataka, Uttar Pradesh, Andhra Pradesh and Telangana have shown an increase over the same period.



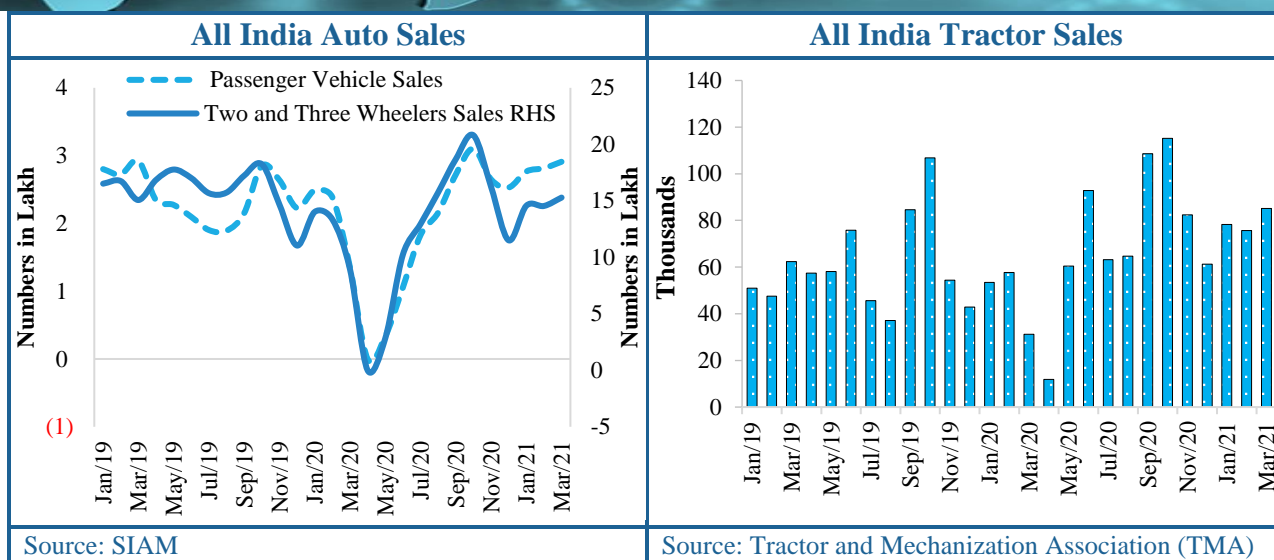
26. E-way bills generated is a strong leading indicator of revenue collections, supply chain corrections and logistics growth. Sustained recovery in interstate movement of goods since May 2020, both in terms of YoY and sequential movement, augurs well for regaining economic normalcy. Total e-way bills generated including both inter-state and intra-state movement stood at 5.8 crore compared to 0.9 crore in April 2020 and 5.3 crore in April 2019. In terms of value, e-way bills generated reached ₹17.36 lakh crore in April 2021 compared to ₹3.9 lakh crore in April 2020 and ₹14.8 lakh crore in April 2019. However, the 7 day moving average of daily e-way bills generated in April 2021 indicates that the localised restrictions in the wake of second wave of COVID-19 may have affected the sequential momentum in e-way bills.

27. Gross GST revenue collection for April 2021 recorded a new high of ₹1,41,384 crore of which CGST is ₹27,837 crore, SGST is ₹35,621 crore, IGST is ₹68,481 crore (including ₹29,599 crore collected on import of goods) and Cess is ₹9,445 crore (including ₹981 crore collected on import of goods). Despite the second wave of COVID-19 pandemic affecting several parts of the country, Indian businesses have once again shown remarkable resilience by not only complying with the return filing requirements but also paying their GST dues in a timely manner during the month. Steady increase in GST revenues crossing ₹1 lakh crore for the last seven months in succession is a clear indication of sustained economic recovery during this period.



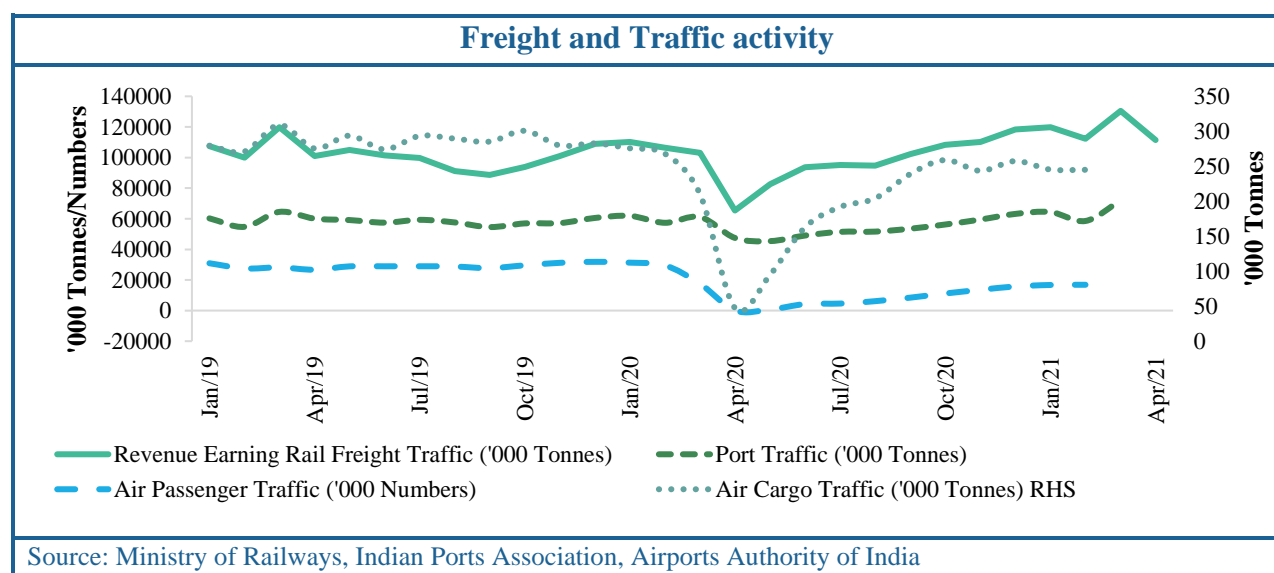
28. Highway traffic movement as captured in average daily electronic toll collection (ETC) both in terms of value and volume also indicated sustained recovery, surpassing pre COVID-19 levels (average of Jan and Feb, 2020) since September 2020. Some moderation in sequential movement was observed in April 2021, owing to localised movement restrictions imposed to contain second wave of the pandemic.

29. Strong pent-up demand renewal continued in the last month of FY 2020-21 with domestic sales of passenger vehicle and two & three wheelers growing at a strong 115 per cent and 71 per cent YoY respectively during March 2021 over the low base of March 2020. This suggests shifting consumer preference for personal travel in response to the pandemic. Total domestic sales of commercial vehicles in FY 2020-21 were 5.68 lakh units, 20.7 per cent lower than previous year levels. Resilient rural demand trajectory since June 2020 continued with tractor sales growing at a strong 172.4 per cent YoY and 12.5 per cent sequentially in March 2021. Even on a pre-COVID base of March 2019, tractor sales grew at 36.5 per cent.



30. Boost in industrial activity can also be witnessed with uptick in port traffic and railway freight. Port traffic registered a positive growth of 16.4 per cent in March for the fifth consecutive month indicating a sustained expansion of global economic activities. Railway freight continued to expand and achieved a double-digit growth during March with the growth momentum continuing strongly in April. Railways recorded more than 10 per cent increase in freight loading in April as compared to normal year of 2019-20, breaking previous loading records for the 8th consecutive month despite COVID-19 related challenges. Improvements in freight movements will be institutionalized and incorporated in the upcoming zero-based timetable.

31. Air cargo growth also witnessed modest improvement with lowering of contraction from 11.0 per cent in January 2021 to 8.5 per cent in February 2021. Air passenger traffic for domestic airlines in February as per AAI data was 168.7 lakh as compared to 167.3 lakh in January 2021.

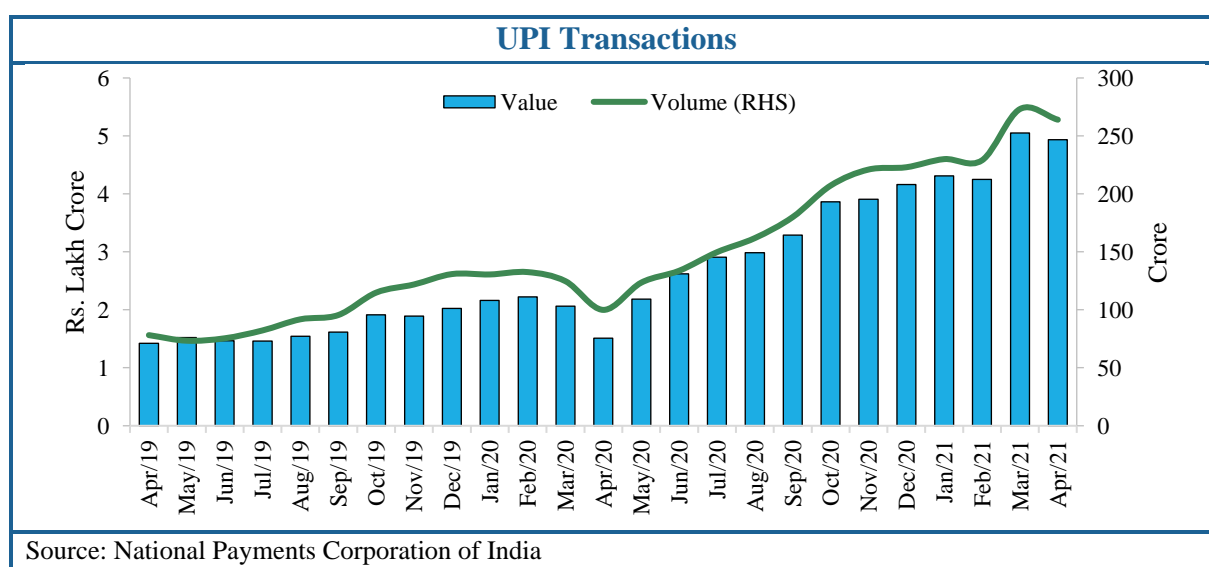


32. PMI Services fell from 54.6 in March to 54.0 in April. The Indian service sector, nevertheless, remained resilient to the resurgence of the COVID-19 crisis with output growth remaining strong despite easing to a three-month low. Rate of expansion in new business remained unchanged from March while input costs witnessed sharpest increase since December 2011.

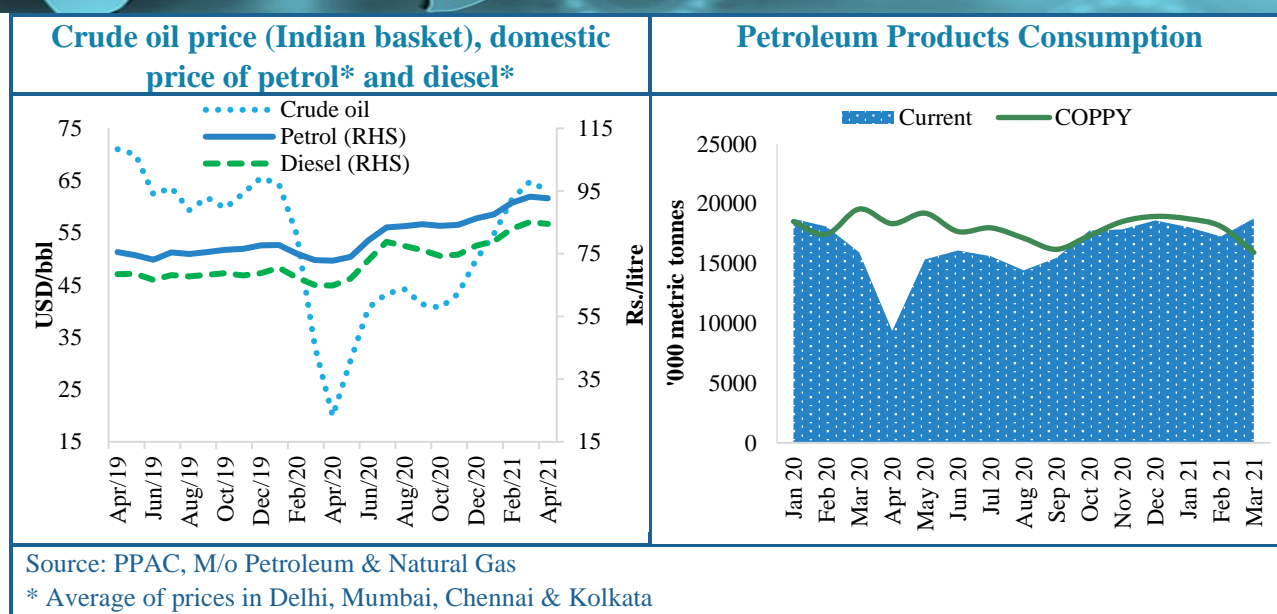
33. Corporate earnings results of 213 companies for Q4:2020-21 (available as on May 2 2021),

representing more than 15 per cent of total sales of corporate sector, signal brightened revival prospects for the manufacturing sector. These 213 companies witnessed a 9.5 per cent YoY growth in income and 12.8 per cent growth in net sales in the last quarter of FY 2020-21. With expenses growing by a modest 5.4 per cent, profits after tax saw strong growth of 38.4 per cent. The manufacturing sector continued to display signs of turnaround with growth in total income, net sales and operating profit of 87 companies in the sample at a healthy 18.7 per cent, 22.1 per cent and 48.1 per cent respectively in Q4:2020-21. On the services side, however, the recovery remains gradual with total income, net sales and operating profits of 61 non-financial services companies growing at 10.3 per cent, 12.4 per cent and 31.4 per cent respectively. From an employment perspective, growth in salaries and wages was a positive 5 per cent plus for both manufacturing and non-financial services companies in the last quarter of FY 2020-21.

34. The digital payment infrastructure put in place during the past few years and the sustained efforts and facilitation by GOI, RBI and other agencies since 2016 have led to huge acceptance and usage of digital modes of payments for retail transactions including those for small value transactions. This momentum has been further spurred by the pandemic. During FY 2020-21, the value of UPI digital transactions was almost double at Rs 41.0 lakh crore as compared to Rs 21.3 lakh crore in FY 2019-20. UPI transactions, in terms of value, stood at Rs 4.93 lakh crore in April 2021, more than 3 times compared to the same month in the previous year. UPI transaction volume increased to 264 crore in April 2021, more than double the volume in April 2020. Sequentially, however, UPI payment volumes decreased by 3.4 per cent in April 2021 over the previous month and transaction value declined by 2.2 per cent compared to March 2021.



35. Indian basket of crude oil prices stood at 63.1 USD/bbl in April 2021 compared to an average of 64.8 USD/bbl in March 2021 and 61.4 USD/bbl in February 2021 driven by demand build up on optimism from vaccination and continuing production cuts by OPEC plus. Domestic prices of petrol and diesel remained relatively stable in April 2021. Domestic consumption of petroleum products in FY 20-21 recorded a contraction of 9.1 per cent compared to FY 2019-20, reflecting the impact of the pandemic on demand compression and fuel consumption in various sectors. Though it recorded a positive growth in March 2021 compared to both previous month and corresponding month of previous year, preliminary data from fuel retailers shows that there has been a fall in fuel consumption in April 2021 due to certain movement restrictions.



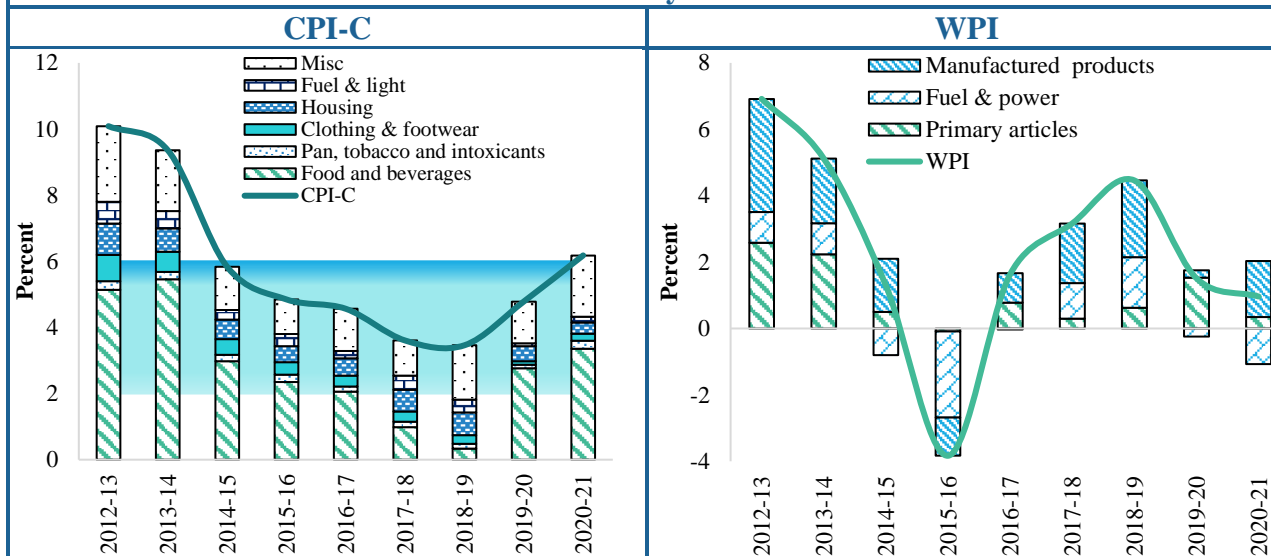
Inflation witnessing upside pressures

36. The average CPI inflation in FY 2020-21 recorded an uptick to 6.2 per cent from 4.8 per cent in FY 2019-20, overshooting the Monetary Policy Committee's (MPC's) medium-term target band of 2-6 per cent, after a gap of six years. Overall CPI-C inflation in March 2021 has increased to 5.52 per cent from 5.03 per cent in February 2021, mainly on account of increase in food inflation. Food inflation, based on Consumer Food Price Index (CFPI), increased to 4.94 per cent in March 2021 as compared to 3.87 per cent in February 2021 mainly on account of relatively high inflation of 'oils & fats', 'pulses and products', 'meat and fish' and 'fruits'. Following an uptick in commodity prices, rising demand and firming up of pricing power, the core-CPI inflation (CPI excluding food and beverages, and fuel and light) hardened further to a 29-month high of 6.0 per cent in March 2021 from 5.9 per cent in February 2021.

37. The average WPI inflation eased to 1.2 per cent in FY 2020-21 from 1.7 per cent in FY 2019-20. During the month of March 2021, WPI inflation increased to a 103 month high of 7.39 per cent as compared to 4.17 per cent in February 2021 on account of increase in inflation of all major groups, viz, Primary articles, Fuel & power and Manufactured products. For Manufactured Products it has been continuously rising since June 2020 and recorded 7.34 per cent in March 2021. The non-food manufactured products (WPI Core) inflation increased to 7.01 per cent in March 2021 from 5.56 per cent in the previous month. After a gap of 22-months, the WPI inflation exceeded the CPI inflation by 190 basis points in March 2021.

38. Going forward, forecast of a normal south-west monsoon and the slight softening of the pressure on oil prices may soften food and fuel inflationary pressures respectively. However, a combination of high international commodity prices and logistics costs may push up input price pressures across manufacturing and services. The outlook for core inflation is likely to be impacted by the disruptions in supply chains due to localised restrictions across States. RBI has, accordingly, revised its CPI projections to 5.2 per cent in Q1:2021-22; 5.2 per cent in Q2; 4.4 per cent in Q3; and 5.1 per cent in Q4, with risks broadly balanced.

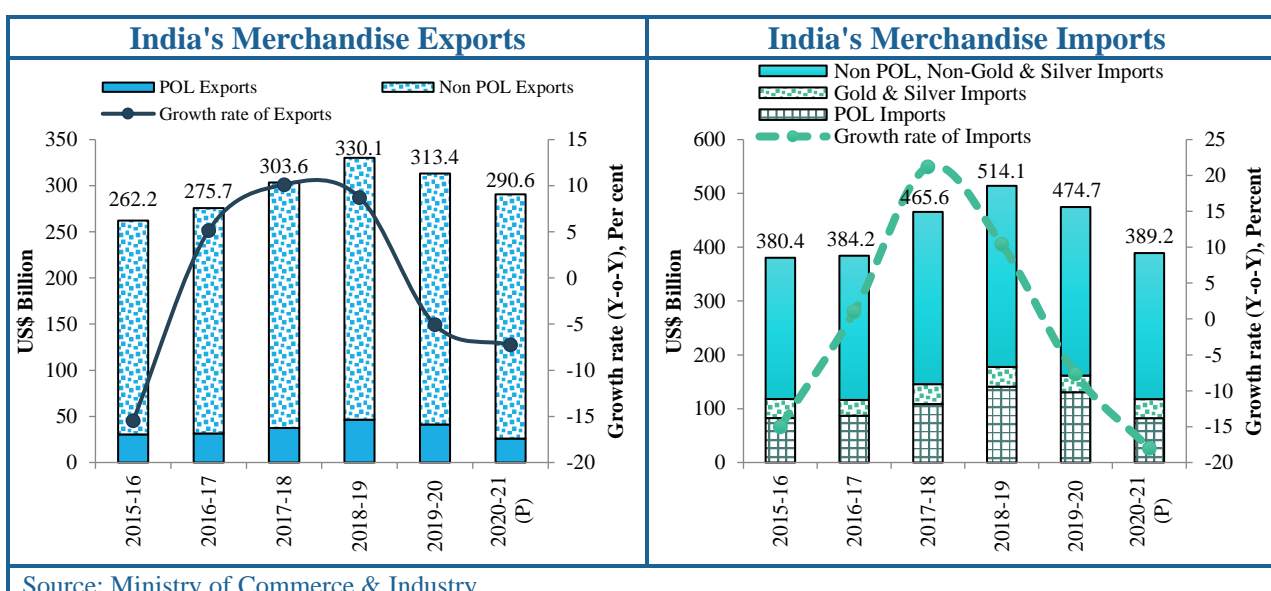
Inflation Dynamics



Source: MoSPI, DPIIT

Merchandise Trade Looking up

39. In FY 2020-21, with exports at US\$ 290.6 billion and imports at US\$ 389.2 billion, India registered a lower merchandise trade deficit of US\$ 98.6 billion, as against the deficit of US\$ 161.3 billion in FY 2019-20 - lowest trade deficit experienced since 2007-08. Exports registered a negative growth of (-) 7.3 per cent with a sharper contraction in imports at (-) 18.0 per cent in 2020-21. Drugs and Pharmaceuticals have contributed maximum in the export growth in 2020-21, while petroleum products pulled the exports growth down. Gold has contributed the maximum in the import growth, while petroleum, crude and products have contributed to the contraction, largely attributable to fall in fuel prices. India's overall trade balance (Merchandise and Services combined) is estimated to be in deficit at US\$ 12.7 billion in FY 2020-21 as compared to US\$ 77.9 billion in FY 2019-20.



Source: Ministry of Commerce & Industry

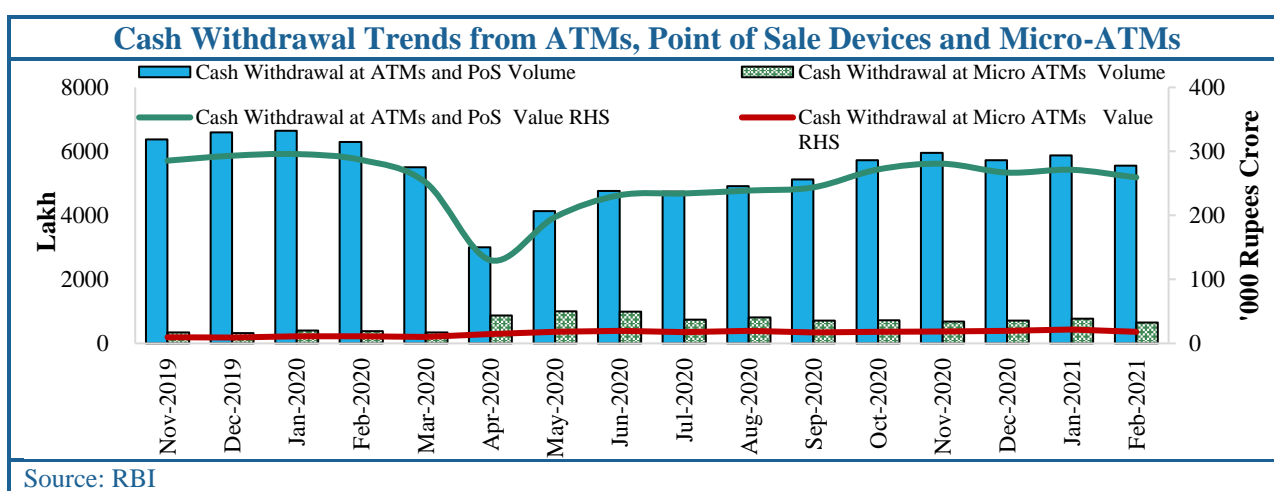
40. During April 2021, India's merchandise exports was valued at US\$ 30.2 billion, an increase of 197.0 per cent over US\$ 10.2 billion in April 2020 and an increase of 16.0 per cent over US\$ 26.0 billion in April 2019. India's merchandise imports in April 2021 were US\$ 45.5 billion, an increase of 166.0 per cent over US\$ 17.1 billion in April 2020 and an increase of 7.2 per cent over US\$ 42.4 billion in April 2019. India is thus a net importer in April with a trade deficit of US\$ 15.24 billion,

as compared to US\$ 6.92 billion in April 2020 and US\$ 16.4 billion in April 2019. Major export commodities which have recorded growth in April include gems and jewellery, jute, carpet, handicrafts, leather, electronic goods, oil meals, cashew, engineering, petroleum products, marine products and chemicals.

Financial Sector

Accommodative financial conditions, muted credit growth

41. Overall monetary and credit conditions in the economy remained accommodative with money supply (M3) growing by 11.3 per cent as on April 9, 2021 compared to 10.2 per cent a year ago. As on April 23, 2021, currency in circulation grew at 15.2 per cent compared to 15.7 per cent a year ago. While cash withdrawal from ATMs, Point of Sale devices and micro-ATMs has also been picking up since September 2020 both in volume and value terms, it remains below previous year levels.

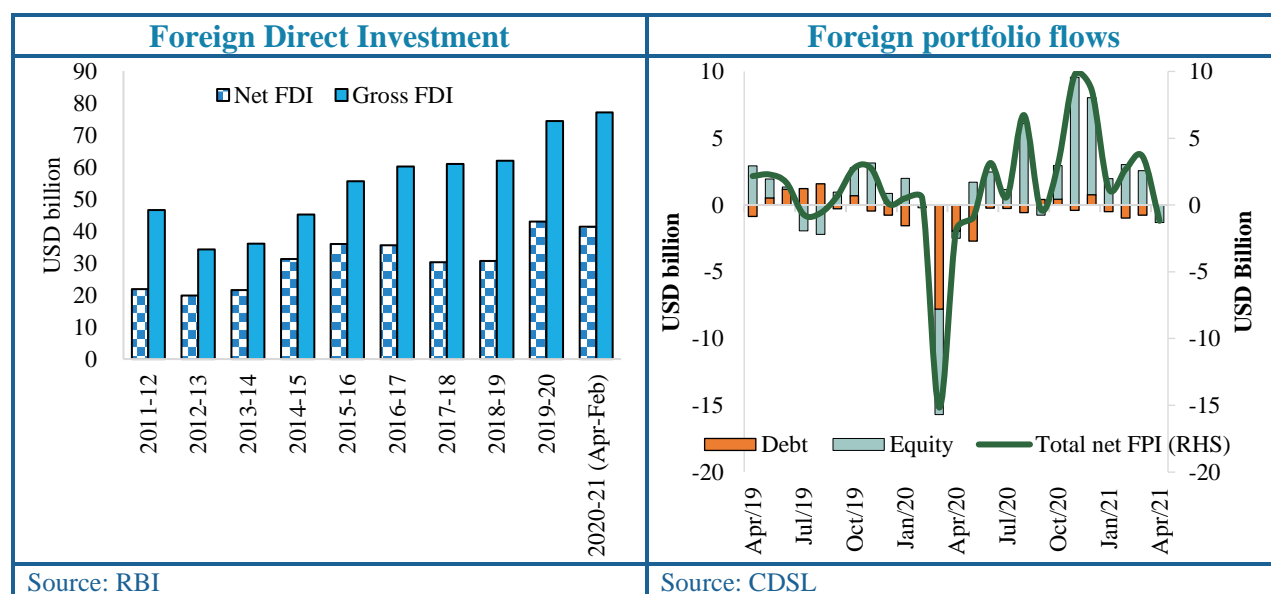


42. Bank credit growth stood at 5.3 per cent in the fortnight ending April 9, 2021 as compared to 5.6 per cent in the previous fortnight. Non-food credit growth of scheduled commercial banks stood at 5.4 per cent as on April 9, 2021 as compared to 5.5 per cent as on March 26, 2021. Continuing its uptrend, credit growth to agriculture and allied activities accelerated to 12.3 per cent in March 2021 from 4.2 per cent in March 2020. Credit growth to industry decelerated marginally to 0.4 per cent in March 2021 from 0.7 per cent in March 2020. However, credit to medium industries registered a robust growth of 28.8 per cent in March 2021 as compared to a contraction of 0.7 per cent a year ago. Credit growth to micro and small industries decelerated to 0.5 per cent in March 2021 from 1.7 per cent a year ago, while credit to large industries contracted by 0.8 per cent as compared to a growth of 0.6 per cent a year ago. Credit growth to the services sector decelerated to 1.4 per cent in March 2021 from 7.4 per cent in March 2020, mainly due to deceleration in credit growth to NBFCs and contraction in credit to professional services. However, credit to trade segment continued to perform well, registering accelerated growth of 11.8 per cent in March 2021 as compared to 4.6 per cent a year ago. Slowdown in growth of personal loans continued, as it decelerated to 10.2 per cent in March 2021 from 15.0 per cent a year ago. However, vehicle loans and loans against gold jewellery continued to perform well during the month, registering accelerated growth.

43. Easy financing conditions enabled the corporate sector to raise substantial funds from financial markets. Private placements of listed corporate bonds stood at ₹7.72 lakh crore in FY 2020-21, 14.4 per cent higher than that in previous year (₹6.7 lakh crore), supported by low interest rate and surplus liquidity in the system.

Second wave of the pandemic hits market sentiment

43. FY 2020-21 was a bullish year for stock markets, supported by stimulus measures, surplus liquidity and record FPI flows. FY 2020-21 witnessed a record FPI inflow of USD 36.2 billion, the highest in a decade after 2014-15. Net FDI stood strong at USD 41.4 billion in FY 2020-21 (April to February, 2020), 6.1 per cent higher than the corresponding period of previous year. India's foreign exchange reserves stood at US\$ 584.11 billion on April 23, 2021 covering imports of 18.5 months. However, the second wave of the pandemic has affected the overall market sentiment and consequent rupee movements. In April 2021, Nifty 50 and the S&P BSE Sensex fell by 0.4 per cent and 1.5 per cent respectively. Rupee depreciated by 2.3 per cent in April 2021 (74.51 INR/USD) compared to March 2021 (72.79 INR/USD). FPI witnessed an outflow of US\$ 1.19 billion compared to an outflow of US\$ 1.9 billion in April 2019.

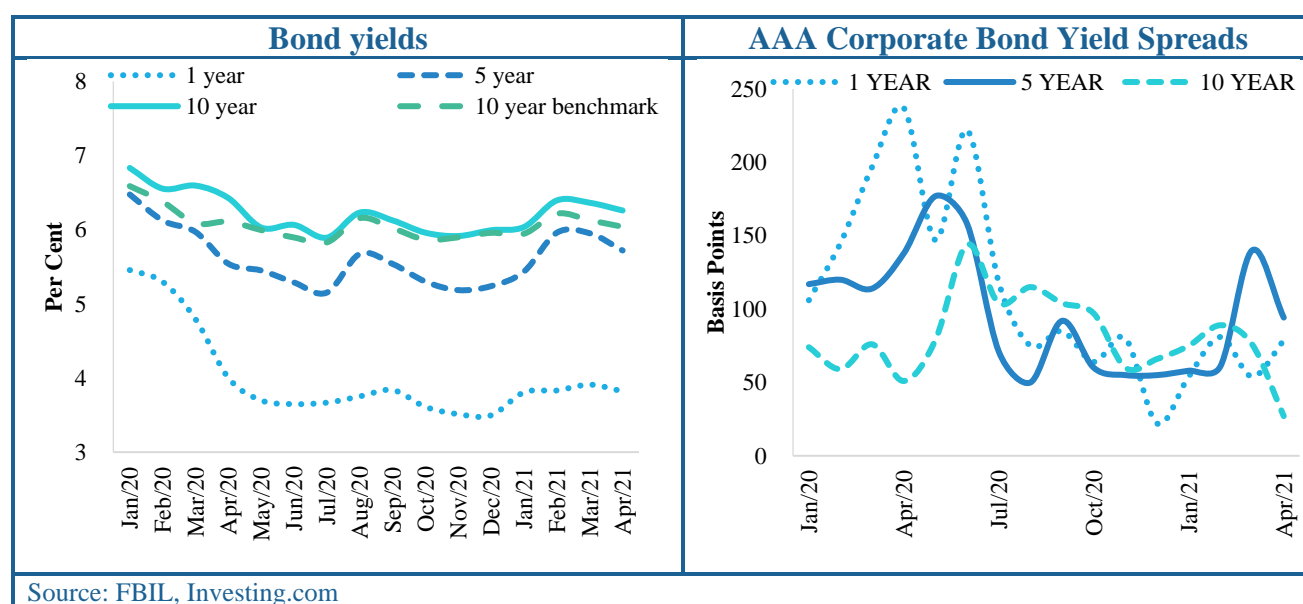


44. Domestic financial conditions continue to remain comfortable with RBI's consistent efforts to maintain adequate liquidity support. The Central bank has conducted open market purchases to the tune of ₹3.13 lakh crore in FY 2020-21 and ₹25000 crore in April 2021. Average daily net liquidity absorption under the liquidity adjustment facility (LAF) was at Rs. 5.8 lakh crore in April 2021. Further, RBI conducted two fine-tuning variable rate repo auctions of ₹25,000 crore each on March 26 and March 31, 2021 for 11 days and 5 days respectively to provide for unanticipated liquidity needs and ensure flexibility to the banking system. During April, the RBI conducted two 14-day variable rate reverse repo auctions on April 9 and April 23, 2021 for ₹2 lakh crore each. As a one-time measure, RBI did not conduct any variable rate reverse repo auction for the fortnight beginning March 27, 2021 to ensure ample liquidity to fulfil year-end CRR requirements.

45. In its monetary policy statement on April 7, 2021, RBI announced extension of TLTRO on Tap Scheme by six months till September 30, 2021 and additional support of ₹50,000 crore to the All-India Financial Institutions (AIFIs) for fresh lending in FY 21-22, thereby standing to ensure adequate liquidity to productive sectors of economy. Further on May 5, 2021, RBI announced further measures as a part of its calibrated and comprehensive strategy against the second wave. These measures included Term Liquidity Facility of ₹50,000 crore to Ease Access to Emergency Health Services, Special Long-Term Repo Operations (SLTRO) ₹10,000 crore for Small Finance Banks (SFBs), Lending by Small Finance Banks (SFBs) to MFIs for on-lending classified as Priority Sector Lending, incentivising credit to MSME Entrepreneurs, Resolution Framework 2.0 for COVID Related Stressed Assets of Individuals, Small Businesses and MSMEs, rationalization of compliance

to KYC Requirements for customer convenience, utilization of Floating Provisions and Countercyclical Provisioning Buffer and relaxation in Overdraft (OD) facility for States Governments


46. Committed to ensuring a stable and orderly management of the yield curve amidst comfortable liquidity conditions, RBI introduced a secondary market G-sec acquisition programme or G-SAP 1.0. On April 15, 2021, RBI conducted the first tranche in which it bought the entire notified amount of Rs. 25,000 crore. India's benchmark 10-year G-Sec yield declined from 6.13 percent as on end-March 2021 to 6.04 per cent as on end-April 2021 on the back of RBI measures of open market operations (OMOs) and critical forward guidance. Tracking gilts, 10-year AAA corporate bond yield spreads also declined from 76 bps in March to 27 bps in April 2021.



Fiscal Situation

47. The fiscal position of the Central Government has witnessed improvement in the second half of FY 2020-21 due to a revival in economic activities. The provisional figures for indirect tax collections for FY 2020-21 show that net revenue collections are ₹10.71 lakh crore, 108.2 per cent of the Revised Estimates (RE) and have registered a growth of 12.3 per cent YoY. GST collections of Centre during FY 2020-21 stand at ₹5.48 lakh crore as compared to ₹5.99 lakh crore in FY 2019-20 - 106 per cent of RE though 8 per cent lower than the last year's collection. In the second half of FY 2020-21, GST collections registered a good growth and collections exceeded ₹1 lakh crore in each of the last six months owing to economic recovery during this period. The provisional figures of net direct tax collections for FY 2020-21 are at Rs. 9.45 lakh crore - 104.5 per cent of the RE.

48. The expenditure profile for FY 2020-21 is characterized by an increased thrust on capital expenditure. Under the Scheme for "Special Assistance to States for Capital Expenditure", ₹11,830.29 crore was released to the States against the earmarked amount of ₹12,000 crore in FY 2020-21. This helped to sustain state level capital expenditure in the pandemic year. In view of the positive response to the scheme and considering the requests of the State Governments, the Government has decided to continue the scheme in the year 2021-22. An additional amount of upto ₹15,000 crore will be provided to States by Government of India as interest free 50-year loan for spending on capital projects in FY 2021-22. As a part of this Scheme, ₹5,000 crore would be allocated to provide incentives to States for monetization/recycling of infrastructure assets and disinvestment of the State Public Sector Enterprises (SPSEs).




49. Data for 17 states and union territories (UTs) that have presented their final budgets for 2021-22 show a budgeted capex expenditure growth of 9.7 per cent in 2021-22 over the revised estimates for 2020-21. This will be pivotal in bringing back the economy on a high growth trajectory, thereby facilitating buoyant revenues and a sustainable fiscal path in the medium term. As per the Indicative Calendar of Market borrowings by State Governments / Union Territories for the Quarter April - June 2021, the quantum of total market borrowings by the State Governments/UTs for Q1: FY 2021-22 is expected to be ₹1.78 lakh crore.

50. For the year 2021-22, the Centre has planned to borrow 60 per cent of the annual target of net market borrowings of Rs. 12.05 lakh crore, during the first 6 months-April to September 2021. As on 23 April 2021, the Central Government has raised Rs. 0.49 lakh crore as gross market borrowings, which is 26 per cent higher than the corresponding period in FY 2020-21. State governments raised Rs. 0.08 lakh crore as gross market borrowings, which is 83 per cent lower than the corresponding period in 2020-21. Based on the recommendations of the Advisory Committee on Ways and Means Advances (WMA) to State Governments, 2021, the Reserve Bank of India (RBI) has revised the WMA Scheme of States and Union Territories (UTs). The WMA limit arrived at by the Committee based on total expenditure of States/ UTs, comes out to be ₹47,010 crore. As the effect of the COVID-19 pandemic is still prevalent, the existing interim WMA limit of ₹51,560 crore for all States/ UTs shall continue for six months i.e., up to September 30, 2021.


Outlook

51. Consumer confidence for the current period has weakened in March 2021 as the current situation index (CSI), as per RBI Surveys, dipped on the back of deteriorating sentiments on general economic situation, income and prices. Respondents, however, expressed optimism for the year ahead, which was reflected in the future expectations index (FEI); one year ahead sentiments on all major parameters except prices, however, remained in positive terrain. With higher essential spending vis-a-vis a year ago, most consumers reported higher overall expenditure, which is expected to increase further in the coming year despite continuing moderation in discretionary spending. RBI's 28th round of services and infrastructure outlook survey (SIOS) conducted during January-March 2021 indicated some moderation in the overall business situation and turnover in Q4 FY20-21 after a pace of strong recovery in Q3. Nonetheless, respondents exuded optimism regarding the business situation, employment conditions and turnover for Q1 to Q3 of FY 21-22. Infrastructure companies were optimistic about Q4 of FY2020-21 expecting a sharp uptick in the overall business situation.

52. The second wave in India is witnessing a much higher caseload with new peaks of daily cases, daily deaths and positivity rates and presents a challenge to ongoing economic recovery. India is emphasizing on a five-fold strategy to curb the tide of new COVID cases –Test, Track, Treat, COVID Appropriate Behaviour, Vaccination. A dynamic and concerted policy response to the second surge has been initiated with ramping up health infrastructure, oxygen supplies and deregulating the vaccine availability for all Indians above the age of 18 from May 1, 2021. With the second wave of COVID-19 infections forcing localized or state-wide restrictions, there is a downside risk to growth in the first quarter of FY:2021-22. However, there are reasons to expect a muted economic impact as compared to the first wave. The experience from other countries suggests a lower correlation between falling mobility and growth as economic activity has learnt to operate 'with COVID-19'.

Scale			
YoY growth	(-) 205	0	881

Movement in India's high frequency indicators															
Indicator	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21 (YoY over Apr-20)	Apr-21 (YoY over Apr-19)
Agriculture															
Tractor sales (Numbers)	31232	11827	60441	92888	63137	64729	108585	115155	82330	61249	78345	75645	85076		
Fertilisers sales (Lakh MT)	29	21	40	69	92	69	47	49	66	74	61	46	42		
Industry															
8-Core Industries (Index)	134	81	108	116	123	120	121	127	127	136	139	128	143		
IIP-Consumer Durable goods	83	6	40	78	99	110	129	134	113	124	124				
IIP-Consumer Non-Durable goods	122	73	135	148	149	140	147	149	148	159	148				
Domestic Auto sales# (Lakh)	10	0	3	11	15	18	21	24	19	14	17	17	18		
Passenger vehicles sales (Lakh)	1.4	0.0	0.3	1.1	1.8	2.2	2.7	3.1	2.6	2.5	2.8	2.8	2.9		
Non-oil exports (USD Billion)	19.0	8.9	17.5	20.1	22.0	20.9	24.0	23.3	22.0	24.8	25.3	25.2	30.8	26.9	26.9
Non-oil non gold imports (USD Bn)	20.2	12.4	19.2	15.7	20.7	20.9	24.1	25.1	24.1	28.5	28.5	26.3	29.6	26.1	26.1
PMI Manufacturing (Index)	51.8	27.4	30.8	47.2	46.0	52.0	56.8	58.9	56.3	56.4	57.7	57.5	55.4	55.5	55.5
Power supply (Mega Units)	107	92	110	114	122	119	122	119	106	115	111	105	123	119	119
Natural gas production (Mn. Cu. Mt)	2327	2066	2215	2250	2369	2363	2228	2348	2263	2355	2478	2235	2612		
Cement production (*000 Tonnes)	24818	4305	22443	26358	24247	20871	24244	27030	25256	28266	29563	29038	32874		
Steel consumption (*000 Tonnes)	6742	1091	4789	6350	7634	7963	8179	9192	9076	10163	10025	9266	8736		
Services															
Domestic air passenger traffic (Lakh)	150	0	6	39	40	56	78	103	125	144	152	154			
Port cargo traffic (Million Tonnes)	61	47	45	49	51	52	54	56	59	63	64	59	72		
Rail freight traffic (Tonnes)	103070	65400	82580	93580	95180	94630	102300	108260	110110	118290	119790	112330	122190		
PMI Services (Index)	49.3	5.4	12.6	33.7	34.2	41.8	49.8	54.1	53.7	52.3	52.8	55.3	54.6	54.0	54.0
Fuel consumption (Thousand MT)	15931	9403	15374	16093	15604	14434	15477	17768	17867	18618	18010	17212	18775		
UPI Digital Payments (Rs Lakh Crore)	2.1	1.5	2.2	2.6	2.9	3.0	3.3	3.9	3.9	4.2	4.3	4.3	5.0	4.9	4.9
UPI Digital Payments (Crore)	125	100	123	134	150	162	180	207	221	223	230	229	273	264	264



Indicator	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21 (YoY over Apr-20)	Apr-21 (YoY over Apr-19)
External Sector															
Merch Exports (USD Billion)	21.5	10.2	19.2	22.0	23.8	22.8	27.6	24.9	23.6	27.1	27.4	27.9	34.5	30.2	30.2
Baltic Dry Index	601	664	489	1146	1633	1517	1399	1631	1180	1244	1658	1500	2018	2164	2164
Exchange Rate (INR/USD)	74.4	76.2	75.7	75.7	75.0	74.7	73.5	73.5	74.2	73.6	73.1	72.7	72.8	74.5	74.5
NEER (40 currency, trade based, 2015-16=100)	95.2	94.0	94.4	93.1	93.7	93.5	94.8	94.7	93.0	93.0	93.7	94.2	95.1		
Net FDI (USD Billion)	4.0	0.2	-0.2	-0.8	3.5	18.2	2.9	4.6	5.7	6.5	3.5	-2.9			
Crude price Brent Dubai WTI (USD/ Barrel)	32.2	21.0	30.4	39.5	42.1	43.4	40.6	39.9	42.3	48.7	53.6	60.5	63.8	63.0	
Crude oil Indian basket (USD/ Barrel)	33.3	20.5	29.7	40.6	43.3	44.2	41.4	40.8	43.5	49.9	54.6	61.2	64.7	63.3	63.3
Fiscal															
Gross tax revenue (Rs. Lakh crore)	3.3	0.7	0.6	1.4	1.1	1.2	2.2	1.5	1.5	3.1	1.8	1.5			
Non-food credit (Rs. Lakh crore)	103	102	101	102	102	102	102	103	104	105	106	107	107	108	108
Monetary and Financial Markets															
M3 (Rs. Lakh crore)	168	170	172	173	176	176	177	178	179	181	184	186	188		
CPI food (Base 2012=100)	148	153	152	153	157	158	162	166	166	161	156	156	155		
Sensex (Index)	29468	33718	32424	34916	37607	38628	38068	39614	44150	47751	46286	49100	49509	48782	48782
Nifty 50 (Index)	8598	9860	9580	10302	11073	11388	11248	11642	12969	13982	13635	14529	14691	14631	14631

* green colour here indicates year-on-year increase in international and domestic oil prices owing to trends of recovery in global economic demand.

#Domestic Auto sales (Excluding Commercial vehicles)

Note: The table above shows absolute figures with the shading in terms of YoY

State-wise Trends in Power Consumption

State/UT	Energy demand met (MU)				YoY growth	
	Jan-21	Feb-21	Mar-21	Apr-21	Apr 21/Apr 20	Apr 21/Apr 19
Andhra Pradesh	5329	5281	5933	6289.4	31.4	10.1
Arunachal Pradesh	74	67	72	63.4	428.3	2.3
Assam	728	673	793	832.9	302.4	19.7
Bihar	2735	2420	2918	3264.9	40.7	26.4
Chandigarh	124	95	99	105.5	38.8	-9.8
Chhattisgarh	2791	2667	3279	3233	45.0	6.4
D&D	225	209	229	213.7	214.3	-2.0
Delhi	2262	1788	2077	2229.8	36.0	-17.3
DNH	590	550	606	553.1	550.7	0.2
Goa	327	280	364	349	44.8	-9.4
Gujarat	10523	9953	11817	11802.8	51.6	5.2
Haryana	3919	3714	3985	3847.2	52.7	1.5
Himachal Pradesh	1007	884	934	843.7	109.9	9.3
J&K	1654	1434	1556	1518.9	19.5	17.2
Jharkhand	863	766	892	870	24.6	19.2
Karnataka	6451	6469	7294	7316.3	19.5	4.4
Kerala	2178	2107	2319	2430.5	18.3	-0.5
Madhya Pradesh	8769	7500	7145	6956.9	27.2	3.5
Maharashtra	14427	13400	16375	16080.3	37.7	9.2
Manipur	103	83	78	74.2	363.8	21.6
Meghalaya	209	176	172	151.2	202.4	-4.9
Mizoram	63	55	53	48.3	201.9	7.3
Nagaland	66	60	64	63.3	272.4	9.1
Odisha	2348	2297	2942	3146.2	52.7	12.9
Pondicherry	215	206	227	269.2	80.7	3.9
Punjab	3832	3611	4044	3700.6	54.8	1.6
Rajasthan	7790	7395	7258	6411.7	31.5	3.3
Sikkim	57	50	51	26.9	-34.4	-34.4
Tamil Nadu	7887	8367	9477	10519.8	44.3	2.1
Telangana	6954	6836	7574	6710.7	39.8	17.4
Tripura	169	158	221	144.3	26.6	-28.6
Uttar Pradesh	9206	8123	9837	10122.3	27.2	0.3
Uttarakhand	1260	1093	1142	1107.8	77.0	-1.7
West Bengal	4056	3874	5373	5371.6	46.9	5.9
ALL INDIA	112060	105259	120110	119274	40.7	5.5

State-wise Trends in ETC Value

AVERAGE DAILY ETC AMOUNT (Rs lakh)						YoY growth (%)
State	Pre-Covid average (Avg of Jan-Feb 20)	Jan-21	Feb-21	Mar-21	Apr-21	Apr21/Pre Covid average
Andhra Pradesh	451.1	605.4	664.7	703.4	673.0	49.2
Assam	15.7	43.3	63.6	87.8	96.0	513.3
Bihar	142.2	211.5	275.0	330.1	337.0	137.0
Chhattisgarh	62.1	94.1	123.5	134.4	115.7	86.3
Delhi	171.4	0.09	0.15	0.14	0.09	-99.9
Gujarat	695.1	1003.2	1118.6	1160.1	1038.6	49.4
Haryana	261.6	60.0	140.7	152.5	139.0	-46.9
Himachal Pradesh	0.6	1.2	1.1	1.3	2.7	336.6
J&K	10.3	25.5	42.6	63.2	62.6	506.5
Jharkhand	54.3	94.9	114.8	141.1	140.9	159.5
Karnataka	361.6	548.7	624.8	655.9	593.2	64.1
Kerala	32.5	47.8	59.1	62.5	59.5	83.1
Madhya Pradesh	378.8	537.7	630.1	725.1	692.2	82.7
Maharashtra	603.8	928.1	1082.1	1209.0	1015.5	68.2
Odisha	143.7	199.6	240.4	263.4	268.1	86.5
Punjab	111.2	0.4	1.02	0.01	0.01	-100.0
Rajasthan	764.9	870.8	1038.4	1044.5	948.5	24.0
Tamil Nadu	478.7	658.5	778.6	820.7	741.3	54.8
Telangana	206.1	385.8	423.0	452.2	464.5	125.4
Uttar Pradesh	636.9	1077.7	1270.6	1381.6	1312.0	106.0
Uttarakhand	5.8	13.5	29.3	48.0	41.9	629.2
West Bengal	202.8	317.2	394.7	474.8	467.1	130.3
Grand Total	5791.2	7734.2	9132.2	9932.4	9231.9	59.4

Source: IHMCL, M/o Road, Transport & Highways

Zone-wise Trends in Railway Traffic

Railway zone	Revenue earning rail freight traffic (MT)				YoY growth	
	Jan-21	Feb-21	Mar-21	Apr-21	Apr 21/Apr 20	Apr 21/Apr 19
Central	6.2	5.9	7.0	4.1	91.1	56.4
Eastern	6.8	6.8	8.3	4.5	105.5	53.3
E.Central	12.7	12.6	15.3	9.1	113.7	43.5
E.Coast	20.4	18.7	21.6	11.7	39.5	36.3
Northern	4.9	4.2	4.5	2.4	-26.9	27.1
N.Central	1.6	1.4	1.8	1.0	145.2	60.9
N.Eastern	0.4	0.3	0.3	0.3	127.3	127.3
N.Frontier	0.7	0.6	0.7	0.5	133.3	19.5
N.Western	2.0	2.2	2.8	1.6	400.0	140.6
Southern	2.7	2.4	2.8	1.9	66.7	31.7
S.Central	9.7	9.4	10.6	6.3	103.9	30.6
S.Eastern	17.2	15.7	18.2	10.5	91.6	60.9
S.E.Central	18.2	17.6	20.8	10.9	54.7	50.9
S.Western	3.8	3.6	4.4	2.3	138.8	64.2
Western	8.2	6.6	7.4	4.0	72.5	24.6
W.Central	4.2	4.0	3.9	2.6	293.9	44.8
TOTAL	119.8	112.3	130.5	73.5	75.5	45.4

Note: April values for all years correspond to first 20 days of April

Source: Ministry of Railways

State-wise Trends in FDI inflows

State FDI inflows (USD million)							YoY % change
State (in order of decreasing share)	Share in Total FDI (%)	Q3: FY19-20	Q4: FY 19-20	Q1: FY 20-21	Q2: FY 20-21	Q3: FY 20-21	(Q3: FY20-21) / (Q3: FY19-20)
Maharashtra	46.67	3,133.50	4129.1	1166.9	2452.2	10017.5	219.69
Gujarat	24.38	871.5	1719.6	401.6	15603	5234	500.56
Karnataka	12.63	2,384.50	1904	1349.9	2310.1	2710.9	13.69
NCT of Delhi	7.25	2,441.40	1531.3	952.7	1709.9	1557.3	-36.21
Tamil Nadu	3.45	525.3	480.8	444.5	493.3	740	40.87
Haryana	2.11	447	278.7	228.2	453.8	453.2	1.39
Telangana	0.89	310.8	369.1	551.2	116.7	192.1	-38.2
West Bengal	0.61	58.7	131.5	253.3	7.7	130.8	122.89
Uttar Pradesh	0.43	37.1	205.8	100.2	124.5	93.2	151
Kerala	0.41	29.1	28.2	76.5	40.7	89	205.77
Puducherry	0.27	0.5	0	0.2	0.2	57.8	12742.22
Rajasthan	0.25	157.8	31.3	80.6	22	53.8	-65.94
Madhya Pradesh	0.18	30.9	44.7	97.2	52.8	37.9	22.43
Punjab	0.14	45.5	51.3	17	4.8	29.1	-35.97
Andhra Pradesh	0.11	64.6	141.4	23.2	19.6	24	-62.83
Odisha	0.03	2	11	1.9	8.9	6.3	207.88
Himachal Pradesh	0.02	10	1.9	4.3	1.5	5	-49.75
Arunachal Pradesh	0.02		0	0	0.1	4.7	0
Chandigarh	0.02	2.2	1.4	5	0.5	3.6	63.23
Assam	0.01	2.6	0.4	2.4	2.8	2.3	-9.8
Dadra & Nagar Haveli and Daman & Diu	0.01	0	2.9	0	3	2.1	0
Uttarakhand	0.01	11.3	3.4	1.1	0.3	1.5	-86.55
Goa	0.01	52.9	11.6	2.6	10.9	1.4	-97.43
Bihar	0.002	0.1	5.5	10.7	0.1	0.4	311.11
Jharkhand	0.001	0.4	1851.6	791	0.7	0.3	-27.27
India	100.00	10,673.30	13208	6562.3	23441.3	21466.7	101.12

For any queries, you may contact the team:

1. Ms. Surbhi Jain, Economic Adviser (E-mail: surbhi.jain@nic.in)
2. Ms. Tulsipriya Rajkumari, Deputy Director (E-mail: tulsipriya.rk@nic.in)
3. Ms. Sanjana Kadyan, Deputy Director (E-mail: sanjana.kadyan@gov.in)
4. Ms. Deeksha Supyaal Bisht, Assistant Director (E-mail: deeksha.bisht@gov.in)
5. Ms. Sonali Chowdhry, Consultant (E-mail: sonali.chowdhry@nic.in)
6. Shri Narendra Jena, Economic Officer (E-mail: jena.narendra@nic.in)