Economic Division

Monthly Economic Review

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DEPARTMENT OF ECONOMIC AFFAIRS

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Abstract

The Budget 2022-23 has strengthened the direction set for India's economy by the previous year's budget. The capex budget, higher by 35.4 per cent over current year's budget estimates, and rising to 4.1 per cent of GDP after inclusion of grants-in-aid to states for capital works, will power the seven engines of Gatishakti to reduce the infrastructure gap and facilitate private investment in the country. Rising consumption levels consequent to employment generation by government's capex will also induce private investment. The Production Linked Incentive (PLI) schemes in the 14 sectors will further incentivize private investment to achieve a higher export growth and enable viable import substitution in the country.

The fixed investment rate in India's economy is thus poised to rise further from its 2021-22 ratio of 29.6 per cent of GDP. Its capex component in the budget 2022-23 will be financed by both domestic and foreign savings within the fiscal deficit of 6.4 per cent of GDP budgeted for central government and an additional 4 per cent capped for the state governments. That the increase in investment will be climate friendly is seen in Sovereign green bonds making an entry as a new instrument to access savings. Private investment will also be financed by both domestic and foreign savings as Public sector banks (PSBs) improve their financial health to play a greater role in credit intermediation. In particular, PSBs will further reach out to MSMEs on the strength of emergency credit linked guarantee scheme (ECLGS), which the budget 2022-23 has extended by one year with enhanced guarantee coverage. Foreign savings are also expected to play a greater role in financing investment as they have been doing through foreign direct investment (FDI), whose inflows have been rising over the last 6-7 years, and more recently through external commercial borrowings (ECB) that have been showing impressive growth in the current year. In addition, India's equity market is well capitalized with both domestic and foreign savings to provide equity financing for investment, as Initial Public Offers (IPO), both in numbers and value reach record levels in the current year.

The budget has targeted a nominal GDP growth of 11.1 per cent in 2022-23 with a GDP deflator of 3.0-3.5 per cent. The implied real growth component of just about 8 per cent is close to the forecast in Economic Survey, 2021-22 as well as 7.8 per cent projected by the Monetary Policy Committee (MPC) of the RBI in its meeting of February 2022. The unchanged repo and reverse repo rate along with the MPCs accommodative stance prioritize growth during these uncertain times and reinforce the investment orientation of the budget. Should retail inflation remain range-bound at 4.5 per cent as projected by the MPC in 2022-23, liquidity levels in the economy will remain high and interface with low interest rates to provide easier financing options to industry and individuals. Global inflation and energy prices are likely to be influential in determining India's rate of inflation and Government expects it to decline to eventually obtain a GDP deflator of 3.0-3.5 per cent assumed in the Budget 2022-13.

Presently, India is experiencing the subsiding of the third wave induced by Omicron variant of COVID-19. Although quickest of the three waves to reach the peak, it has been the least fatal thankfully. With a near full vaccination coverage of the adult population with the first dose (above three-quarters with the second), and adaptability of both people and Government to "living with the pandemic", the impact of third wave on economic activity has been much weaker than the previous two waves. High frequency indicators show that India's economy is well on its way to growing at above 9 per cent as projected in the country's advance estimates for the current year. With MPC retaining its inflation forecast for 2021-22 at 5.3 per cent, the inflation for the current year is set to close within its tolerance band of 4±2 per cent.

The current year may as well end with an economic reset manifest of a post-COVID-19 world. Agriculture, that continues to see a constant increase in net sown area and crop diversification will strengthen food buffers while benefiting farmers through generous volumes of procurement at remunerative minimum support prices and income transfers through PM Kisan. An additional security of MGNREGS for the rural work-force will always be in a ready state of deployment as was the case in the last two years. Manufacturing and Construction will be the "growth drivers", triggered by the PLI schemes and public capex in infrastructure. Distance enabled or remote services will be on the rise to the extent they substitute for contact-based services made dysfunctional with repeated waves of the pandemic.

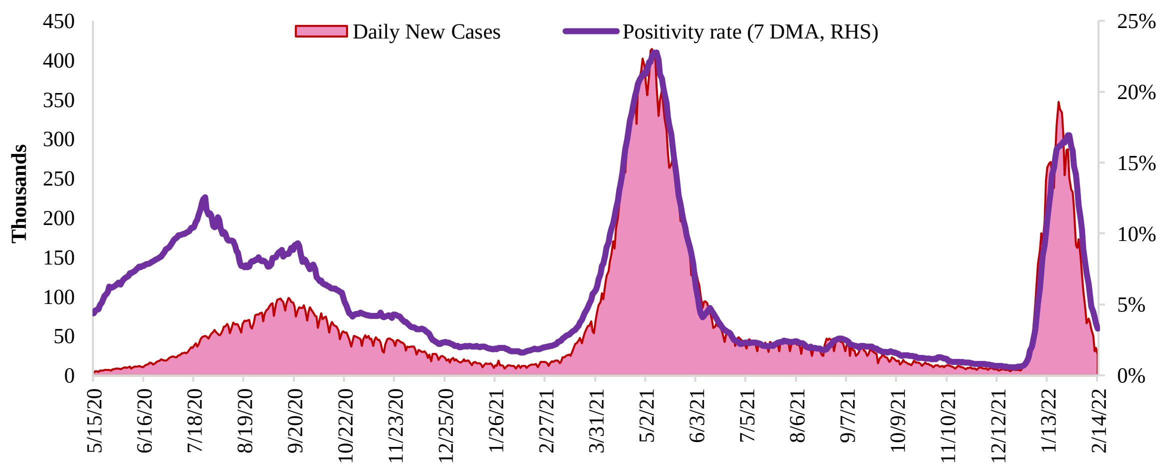
Private consumption will grow cautiously as precautionary demand for money will rise at every hint of a new infection. Private investment, helped by the complementary support of public investment in infrastructure, will continue to gain traction from the ethos of Atmanirbhar Bharat. Growth in exports will sustain provided the global economy does not slowdown. Key to medium term gains in export growth lies in improving the competitiveness and complexity of India's products. Imports will also grow but re-aligned to the country's requirements of what is not available within. Growth will be inclusive and large enough as well, to provide for growing levels of direct income and in-kind support to the vulnerable groups of the society.

IMF in its January 2022 update has lowered its global growth estimate for 2022. Yet India is the only large and major country listed by the IMF whose growth projection has been revised upwards in 2022 (Read 2022-23). In a testimony to the resilience of its people and the farsightedness of its policymaking, the Indian economy that contracted by (-)6.6 per cent in 2020-21, is now projected in 2022-23 to grow the quickest among the league of large nations.

Economic Activity

1. India continues its battle with the Omicron variant of the virus with its now well-practiced five-fold strategy of test; track; treat; vaccinate; and enforce COVID-19 appropriate behaviour. A declining trend in seven days moving average of daily cases since 26th January has marked the attainment of peak during third wave, which is 22 per cent lower than the peak of second wave. The peak of the third wave was obtained swiftly, in just 31 days, as compared to 79 days of the second wave and 220 days of first wave. The third wave has been the least fatal as rapid vaccination coverage helped bring down the average daily deaths to half the level of the second wave. Daily new cases have trickled down from 3.1 lakh on 26th January 2022 to less than 50 thousand as on 15th February 2022. The weekly positivity rate has contracted from a peak of 17.0 percent to 3.3 percent as on 15th February 2022. The daily recoveries continue to outnumber daily new cases as the recovery rate rises to 95.9 per cent. As on 15th February, 2022, India had 4.3 lakh active cases – down from a peak of 22.0 lakh cases on 27th Jan 2022, with cumulative deaths at less than 3700 per crore population.

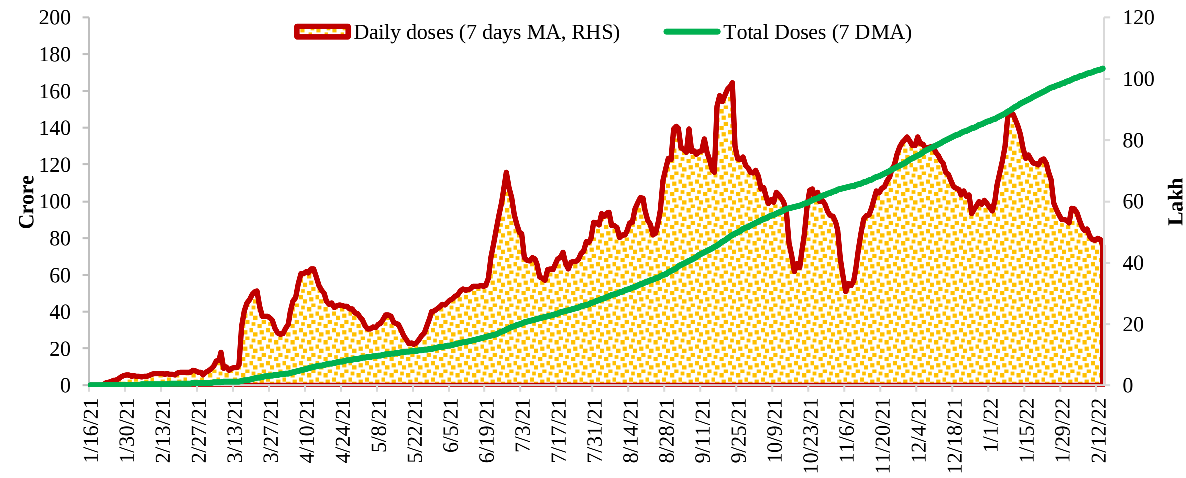
COVID-19 Spread



Source: Ministry of Health and Family Welfare

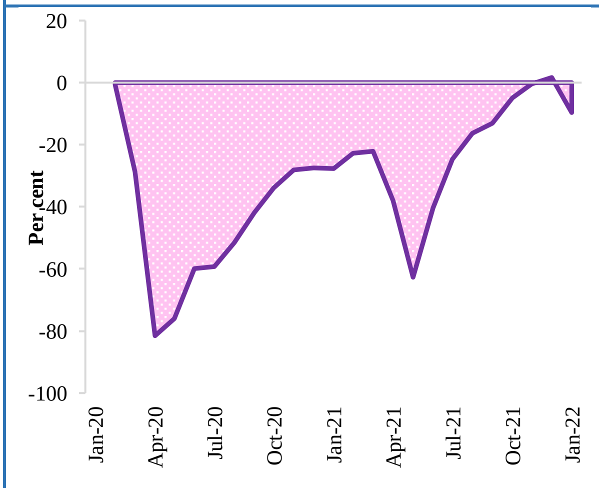
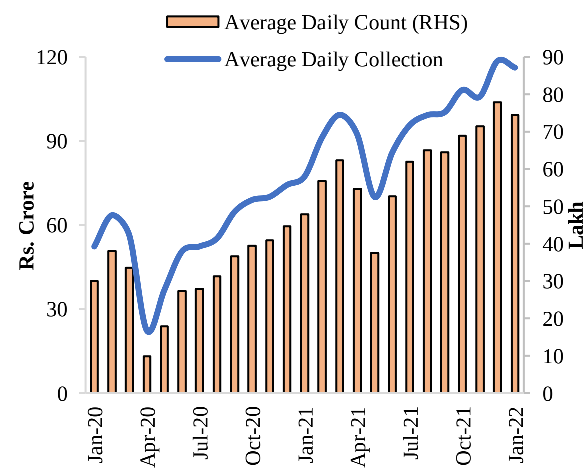
2. On 16th January 2022, India completed its one year of the COVID-19 vaccination drive, successfully administering more than 156 crore doses of vaccine. As on 15th February 2022, more than 90 crore people (96 per cent of the adult population) have received at least one dose of which around 74 crore people (78 per cent of the adult population) stands fully vaccinated. More than 5.2 crore adolescents have received at least one dose, covering at least 70 percent of their population. About 1.8 crore precautionary doses have been administered to healthcare, front line workers and people aged above 60 years.

Covid 19: Vaccination Drive



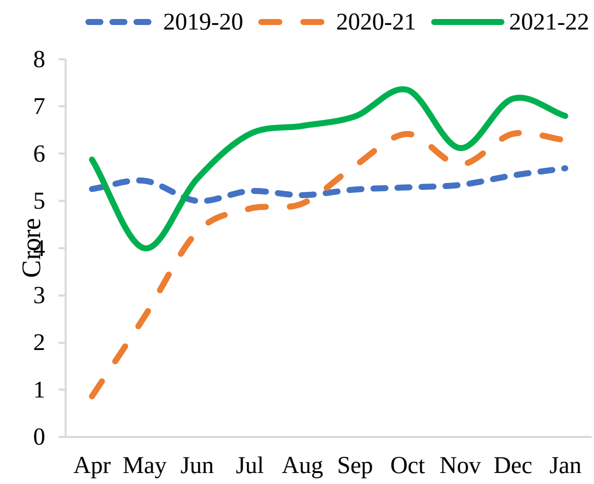
Source: Ministry of Health and Family Welfare

3. The impact of the third wave on economic activity appears to be much less, even compared to the muted impact of the second wave. As cases surged, retail mobility declined from 2.0 per cent in December 2021 to (-) 9.2 per cent in January 2022 amid pandemic induced restrictions across states. Average daily electronic toll count and collection moderated slightly in January though remained higher than in previous months.

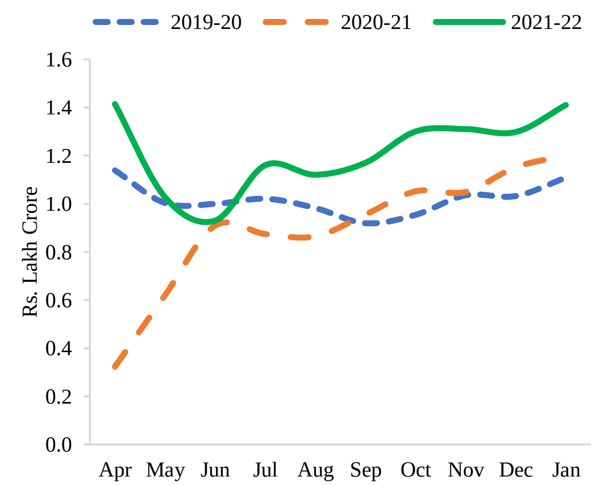
Google Retail Mobility	Average Daily Electronic Toll Count and Collection
	
Source: Google Note: Baseline value (Jan-Feb value of 2020)	Source: IHMCL

4. The impact of the third wave is further seen in the slight dip in the volume of E-way bill generated in January vis-à-vis December. Yet the impact was moderate, as is also seen in January volumes being higher than the November volumes of 2021. January volumes were also well above pre-pandemic levels. The robust E-way bill generation will most likely continue to garner monthly GST collections above Rs. one lakh crore. January 2022 (reflecting December transactions) recorded an all-time high GST collection of Rs. 1.41 lakh crore following administrative measures to enhance compliance and rate rationalization measures to correct inverted duty structure.

Volume of E-way Generation	GST Collection



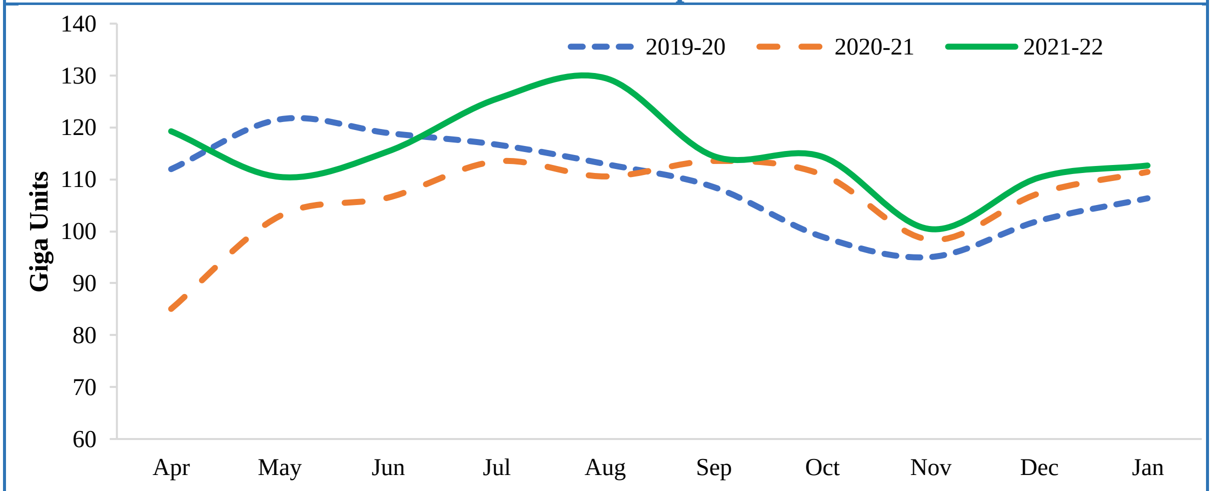
Source: GSTN



Source: Ministry of Finance

5. Demand for energy however remained resilient as power consumption in January grew 2.1 per cent over the preceding month and 1.1 per cent over the corresponding month of the previous year, also reflecting the weak impact of Omicron on economic activity.

Power Consumption



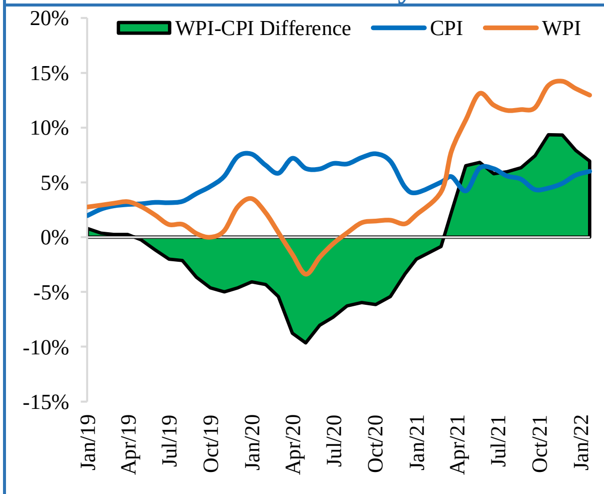
Source: POSOCO

6. The real GDP growth estimated for 2021-22 at 9.2 per cent is likely to be realized and provide the economy the full recovery of real GDP level of 2019-20, while also serving as a launch pad for a near 8 per cent growth projected in the Economic Survey, Budget 2021-22 and RBI's Monetary Policy Committee (MPC) meeting of February, 2022. The MPC projected a real GDP growth of 7.8 per cent, and to achieve that, decided to keep the policy repo rate unchanged at 4.0 per cent and reverse repo rate unchanged at 3.35 per cent, as also the marginal standing facility (MSF) rate and the Bank Rate at 4.25 per cent. The Committee also decided to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis while ensuring that inflation remains within the target going forward.

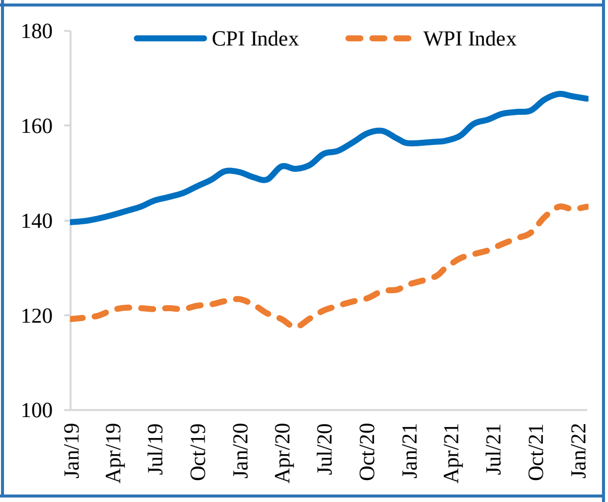
Prices

7. After a period of six months, Headline Inflation (CPI) has marginally crossed the RBI MPC's tolerance band of 4 +/- 2 per cent and has come in at 6.01 per cent for January 2022 as compared to 5.66 percent in December 2021. This increase is primarily attributed to inflation in the sub-categories of 'food and beverages', 'clothing and footwear', as well as an unfavourable base effect. However, the average CPI inflation for the period April 2021 – January 2022 remains within the tolerance band at 5.30 per cent. CPI Core inflation, after declining from 6.2 per cent in November, 2021 to 6.12 per cent in December, further moderated to 5.98 per cent in January, 2022 mainly due to decrease in inflation of all major groups except 'clothing and footwear'. Retail Food Inflation (CFPI), which in part caused headline inflation to escalate, rose to 5.43 per cent in January 2022 from 4.05 per cent in the previous month, mostly from the base effect.

WPI- CPI Inflation Dynamics



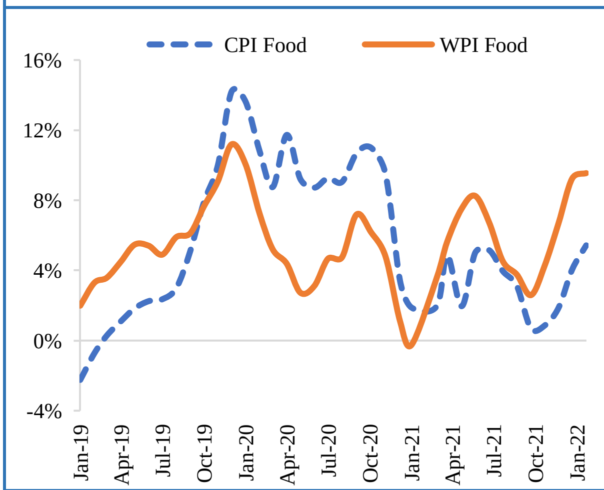
CPI and WPI Index



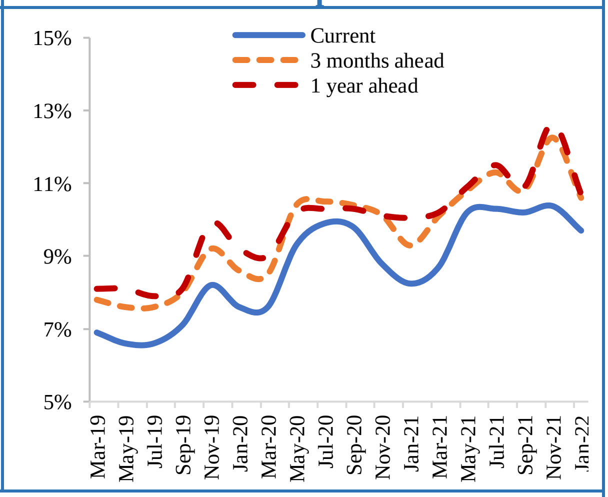
Source: Office of Economic Adviser, MoSPI

8. WPI Inflation for January 2022 came in at 12.96 per cent, lower than 13.56 per cent in December 202, driven by a decline in the inflation of 'fuel and power' and manufactured products. While WPI inflation has moderated for two consecutive months, it remains high primarily owing to high prices for imported commodities including and especially crude oil.

Food Inflation



Inflation Expectations



Source: Office of Economic Adviser, MoSPI, RBI

9. The Consumer Price Index has moderated sequentially over the last two months, indicating a slowing momentum. As per latest RBI's Inflation Expectations Survey, the 3-months ahead and 1-year ahead median inflation expectations also decreased by 170 and 190 basis points respectively, from November 2021 round of the survey. According to the Reserve Bank, the reduced gap between households' current inflation perceptions and future inflation perceptions indicates that they expect inflation to be more range-bound around the current levels.

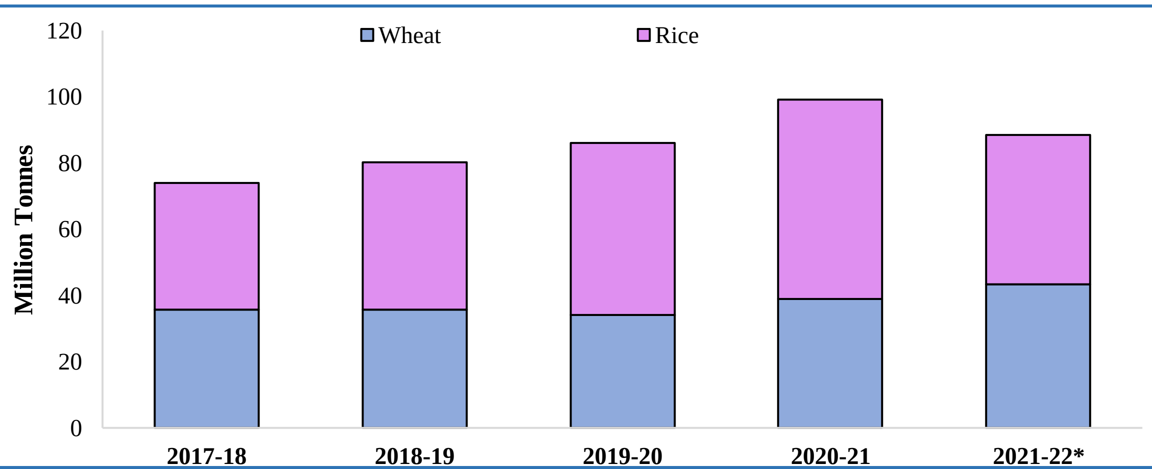
10. Going forward, easing vegetable prices on account of fresh winter crop, and better prospects for food grain production are contributing to an optimistic view on inflation. However, given that the categories bearing the brunt of imported inflation are edible oils and crude oil, it will be important to monitor the multi-round effects such imported inflation may have on the value chain, as also the transmission of input cost pressures to final selling prices, which is currently weak as is evident from the large gap between WPI and CPI inflation. The February MPC meeting retains inflation projection for 2021-22 at 5.3 per cent, bringing it slightly down to 4.5 per cent in 2022-23. Combined with the expectation of WPI inflation declining significantly in 2022-23, on the back of lower global inflation and a large base effect, the GDP deflator obtains at 3.0-3.5 per cent, as implicit in nominal GDP projection of 11.1 per cent made in Budget, 2022-23.

Aggregate Supply

Agriculture

11. Agriculture sector has been the bright spot throughout the pandemic years. It continued its resilient march with area sown under rabi crops reaching a record high of 701 lakh hectares in 2021-22, 1.5 per cent higher than last year and 15.4 per cent over the normal acreage measured by last 5-year average. Notably, an increase in acreage of oilseeds by 32.8 per cent over the normal area would also reduce dependence on imports. With record wheat acreage standing at 13.3 per cent above the normal, the stock of cereals has gone up to 4.1 times the buffer norms, demonstrating the continued support of MSP, procurement and distribution operations of Government of India. About 90 lakh farmers have already been benefitted from the ongoing Kharif Market Season (KMS) procurement operations, as on 10th February 2022.

Procurement of Wheat and Rice

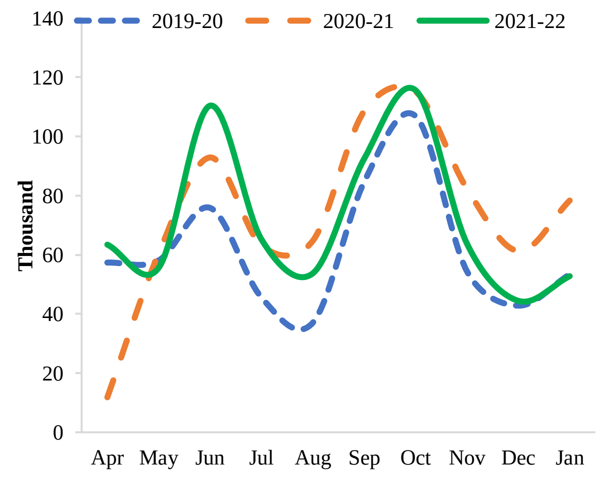


Source: FCI

Note: *Rice procurement 2021-22 is under progress and data is as on 10 Feb 2022.

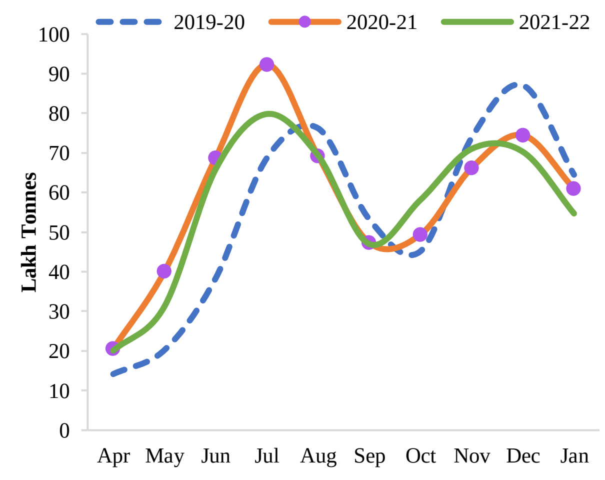
12. Despite the fertiliser and tractor sales being lower than previous years, these have not prevented acreage under rabi from growing as fertilizer stocks with and tractor availability with the farmers have proven to be adequate. Average rural wages for men and women increased year on year by 4.1 per cent and 4.3 per cent respectively during December 2021 indicative of sustained demand for farm labour as acreages continue to increase.

Tractor Sales



Source: TMA

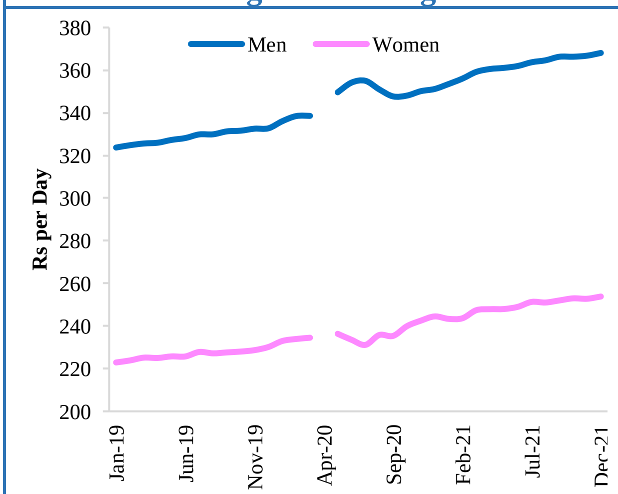
Fertiliser Sales



Source: Dept of Fertilisers

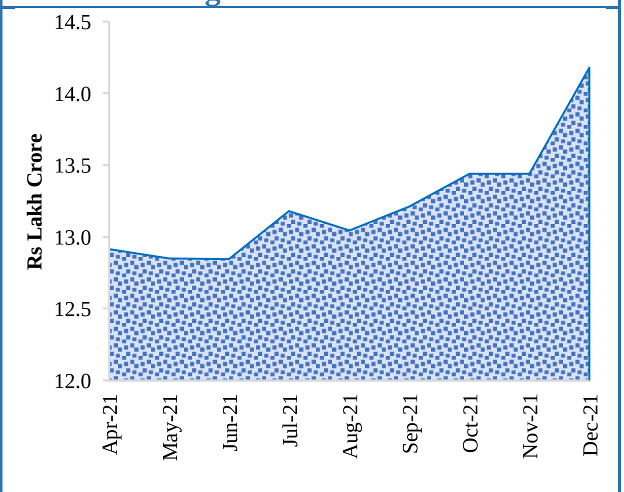
13. Unwavering credit support to agriculture sector continued in December 2021 also, registering a robust growth of 14.5 per cent compared to corresponding period last year as well as sequential expansion of 5.5 per cent from November 2021. Further, net response of bankers in RBI's Quarterly Bankers Lending Survey for agriculture credit remained optimistic albeit moderating from 37.9 in Q2 to 36.2 in Q3: 2021-22. Expectations for next quarter however became highly optimistic with score rising to 44.8 in Q4 of 2021-22.

Average Rural Wages



Source: Labour Bureau

Agriculture Credit



Source: RBI

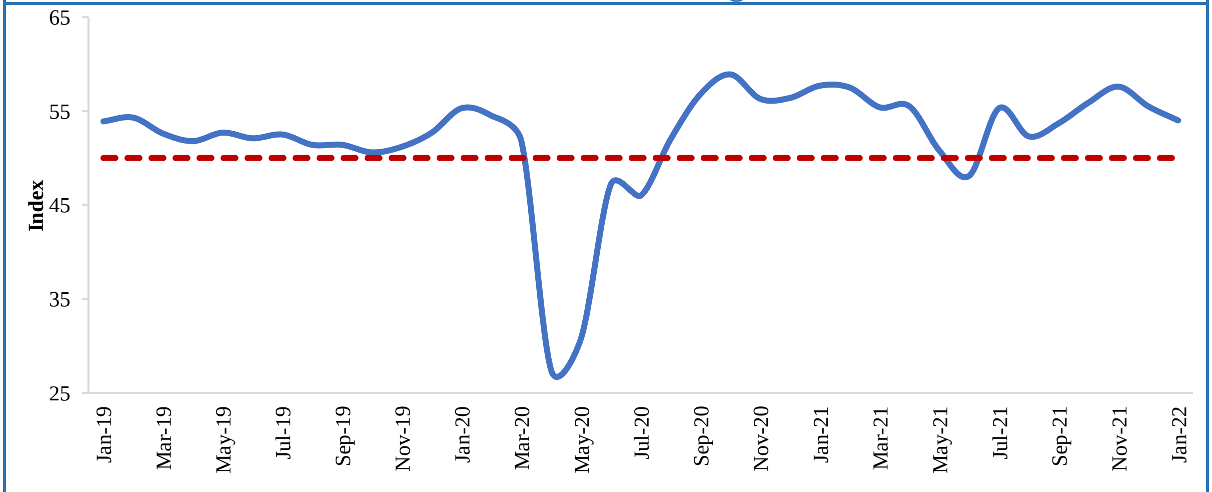
Key Highlights of Union Budget 2022-23 for Agriculture Sector

- Wheat and Paddy procurement in 2021-22 expected at 1208 lakh metric tonne resulting in a payment of Rs.2.37 lakh crore directly into the accounts of 163 lakh farmers.
- Chemical-free Natural Farming to be promoted throughout the country, with initial focus on farmers' lands in 5-km wide corridors along river Ganga.
- Support to Millets in respect of post-harvest value addition, enhancing domestic consumption, and national/international branding.
- A comprehensive scheme to increase domestic production of oilseeds will be implemented to reduce the country's dependence on its imports.
- For delivery of digital and hi-tech services to farmers, a scheme in PPP mode will be launched involving public sector research and extension institutions and private stakeholders.
- Use of 'Kisan Drones' will be promoted for crop assessment, digitization of land records, spraying of insecticides, and nutrients.
- States will be encouraged to revise syllabi of agricultural universities to meet the needs of natural, zero-budget and organic farming and modern-day agriculture etc.
- A fund with blended capital, raised under the co-investment model, will be facilitated through NABARD to finance start-ups for agriculture & rural enterprise.
- Implementation of Ken Betwa project and Other River Linking Projects to provide irrigation benefits to 9.08 lakh hectare of farmers' lands, drinking water supply for 62 lakh people, 103 MW of Hydro, and 27 MW of solar power.
- Comprehensive package to farmers to adopt suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques, for food processing.

Industry

14. The third wave of COVID-19 has had a modest impact on industry, as observable in PMI manufacturing which, despite dipping slightly in January 2022, remained comfortably in the expansionary zone at 54.0.

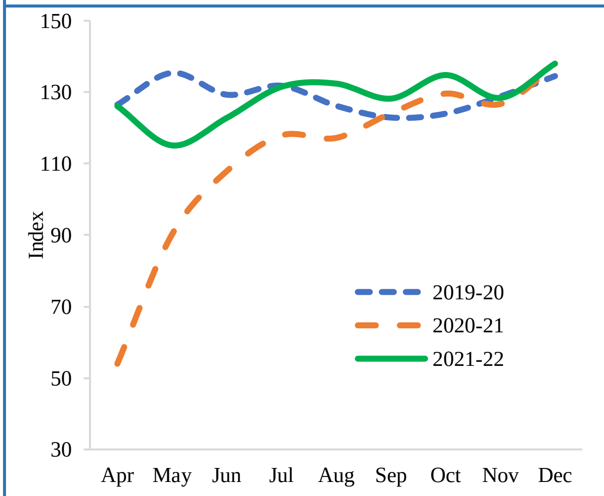
PMI Manufacturing



Source: IHS Markit

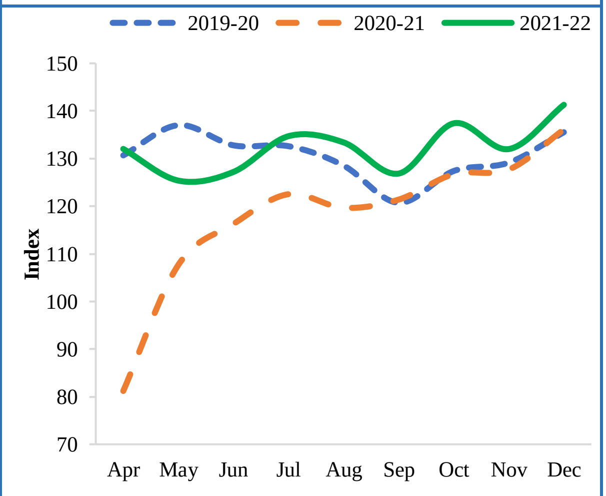
15. The impact of Omicron is yet to show up in the Index of Industrial Production (IIP), as the latest data is available only for December, 2021. The cumulative growth for the period April-December 2021-22 stood at 15.2 per cent as compared to (-)13.3 per cent in April-December 2020-21, just about recovering the pre-pandemic index level of 2019-20. Sequentially, the IIP has quickened in December, 2021, growing 7.5 per cent over the preceding month.

IIP Index



Source: MoSPI

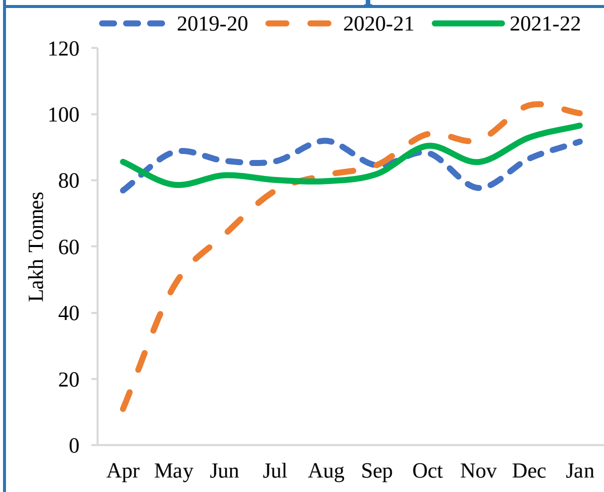
8-Core Industries Index



Source: DPIIT

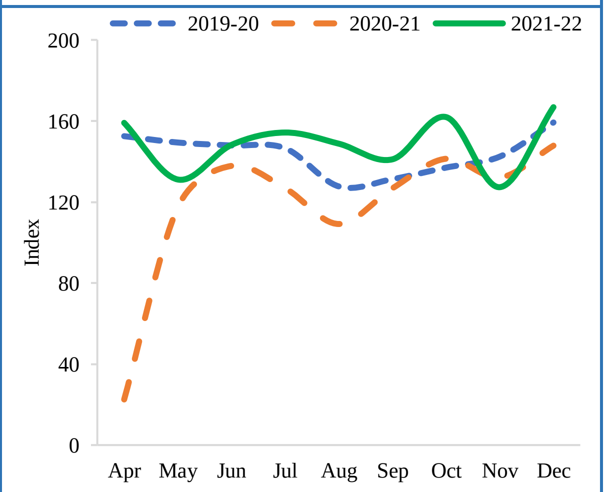
16. With 40 per cent weight, the eight-core industry has accounted for much of the growth in IIP. The Index for eight Core Industries (ICI) grew 3.8 per cent year on year (YoY) in December 2021, compared to 3.4 per cent growth in November 2021. Overall, the ICI grew by a robust 12.6 per cent in Apr-Dec 2021, compared to a contraction of 9.8 per cent in Apr-Dec 2020, easily recovering the pre-pandemic index level of 2019. The strong comeback in Electricity, Steel, Coal, and Cement production (and recently in refinery products) portends well for an industrial revival, pumped up by the Government's Capex push and improving market conditions.

Steel Consumption



Source: JPC, Ministry of Steel

Cement Production Index

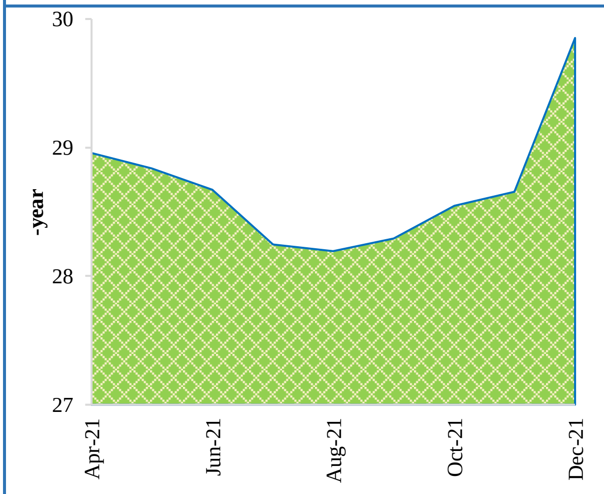


Source: DPIIT

17. Domestic steel consumption has been affected by low automobile production arising from global shortage of semi-conductor chips, consequent to which the produced steel has been channelized into exports. Thus, total finished steel exports in April-January FY22 increased by 26.1 per cent compared to corresponding period of previous year. Steel consumption may soon increase as rise in cement production portents well for the revival of the construction sector.

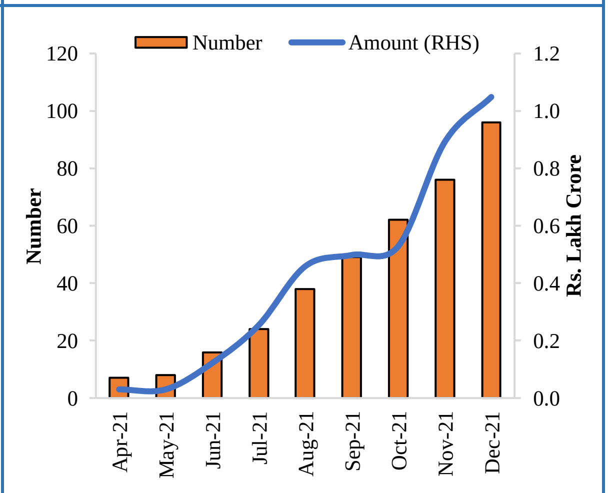
18. Credit growth to industry rose steeply by 7.6 per cent YoY in December 2021 compared to 3.8 per cent in the preceding month with a towering double-digit growth of 86.5 per cent to medium industries and impressive 20.5 per cent growth to micro and small industries. With this, the total credit outstanding to industrial sector at December-end (₹ 29.85 lakh crore) surpassed the March 2021-end level (₹ 28.99 lakh crore) for the first time in this financial year on the back of some late emergence in credit buoyancy. To further support credit deployment among MSMEs, the ECLGS was extended by one year to March 2023 in the Union Budget.

Credit to Industries



Source: RBI

IPOs



Source: SEBI

19. Credit to large industries registered a growth of only 1.3 per cent in December, 2021 as corporates resorted to deleveraging and accessing non-bank sources of funding, particularly equity financing that has rapidly grown from April to December of the current year. Reflecting continuing effervescence in primary markets, 20 IPOs were listed during the December 2021, highest so far in the current year. Till 31st December 2021, an all-time high of ₹ 1.05 lakh crore has been raised through IPOs during the current financial year, much higher than the combined figure of ₹ 0.68 lakh crore for the last 3 years.

Key Highlights of Union Budget 2022-23 for Industrial Sector

- Udyam, e-Shram, NCS and ASEEM portals will be interlinked to provide services such as credit facilitation, skilling, and recruitment to MSMEs.
- Emergency Credit Line Guarantee Scheme (ECLGS) benefiting MSMEs up to March 2023 with its guarantee cover expanded by Rs. 50,000 crore, to total cover of Rs. 5 lakh crore, with the additional amount being earmarked exclusively for the hospitality and related enterprises.

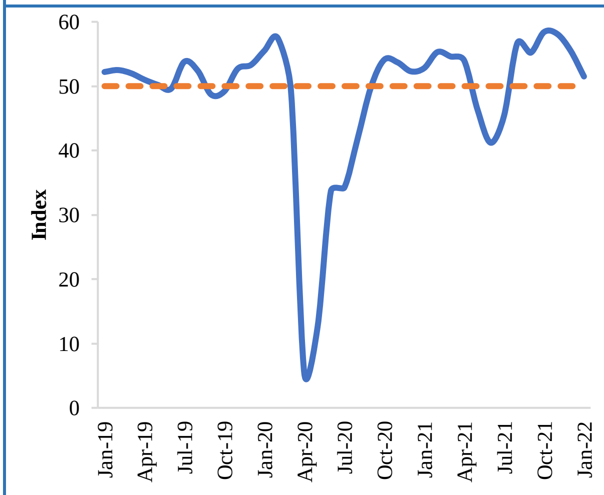
- Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme to be revamped to facilitate additional credit of Rs. 2 lakh crore for MSME's employment expansion.
- Raising and Accelerating MSME Performance (RAMP) programme with outlay of Rs. 6,000 crore over 5 years to help them become more resilient, competitive and efficient.
- In recent years, over 25,000 compliances were reduced and 1486 Union laws were repealed to facilitate ease of doing business (EODB).
- States to be encouraged to adopt Unique Land Parcel Identification Number to facilitate IT-based management of land records with transliteration facilities across Schedule VIII languages.
- Linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software to be promoted for uniform process of registration and 'anywhere registration' of deeds & documents.
- A single window portal, PARIVESH, launched in 2018 for all green clearances will now enable tracking of all four required approvals.
- The Centre will work with the States for reduction of time required for all land and construction related approvals in order to promote affordable housing for the needy in urban areas.
- Financial sector regulators to be involved to expand access to capital for affordable housing construction along with reduction in cost of intermediation.
- Vibrant Villages Programme to be launched and cover construction of village infrastructure, housing, tourist centres, road connectivity, provisioning of decentralized renewable energy, direct to home access for Doordarshan and educational channels, and support for livelihood generation.
- A high-level committee of reputed urban planners, urban economists and institutions will be formed to make recommendations on urban sector policies, capacity building, planning, implementation and governance.
- Support will be provided to the states for modernization of building byelaws, Town Planning Schemes, and Transit Oriented Development.
- For developing India specific knowledge in urban planning and design, and to deliver certified training in these areas, up to five existing academic institutions in different regions will be designated as centres of excellence.
- Shift to use of public transport in urban areas to be promoted along with clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles.
- Battery swapping policy to be brought out to overcome space constraint in urban areas for setting up charging stations, with private sector encouraged to develop business models.
- For sunrise sectors such as Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems, Government to support building of domestic capacities, and promotion of research & development.
- Production Linked Incentive for manufacturing of installed solar capacity to be allocated Rs. 19,500 crore with priority to fully integrated manufacturing units from polysilicon to solar PV modules.
- Five to seven per cent biomass pellets will be co-fired in thermal power plants resulting in CO2 savings of 38 MMT annually. This will also provide extra income to farmers and job opportunities to locals and help avoid stubble burning in agriculture fields.

- Energy efficiency and savings measures to be promoted in large commercial buildings through the Energy Service Company (ESCO) business model. It will facilitate capacity building and awareness for energy audits, performance contracts, and common measurement & verification protocol.
- Four pilot projects for coal gasification and conversion of coal into chemicals required for the industry to be set-up to evolve technical and financial viability.
- Financial support to be provided to farmers belonging to Scheduled Castes and Scheduled Tribes, who want to take up agro-forestry.

Services

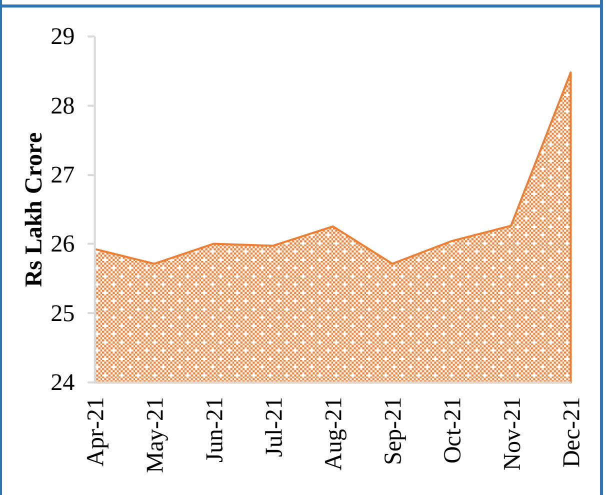
20. Services activity was more impacted than the industrial sector by the rapid spread of Omicron variant as curbs on mobility were put in place. PMI Services consequently moderated to a six-month low of 51.5 in January 2022, down from 55.5 in December 2021, although still remaining in expansionary zone.

PMI Services



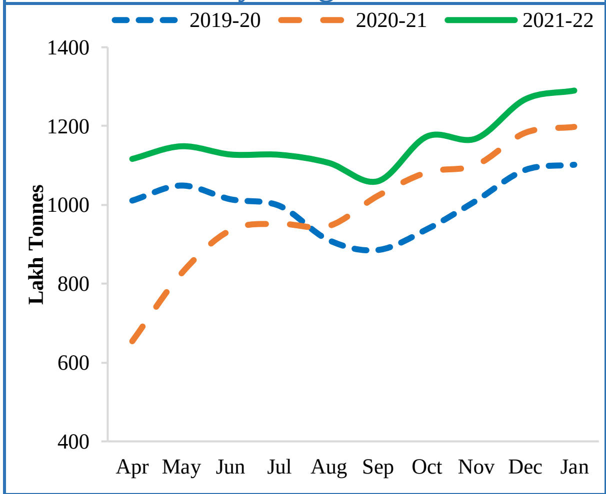
Source: IHS Markit

Credit to Services

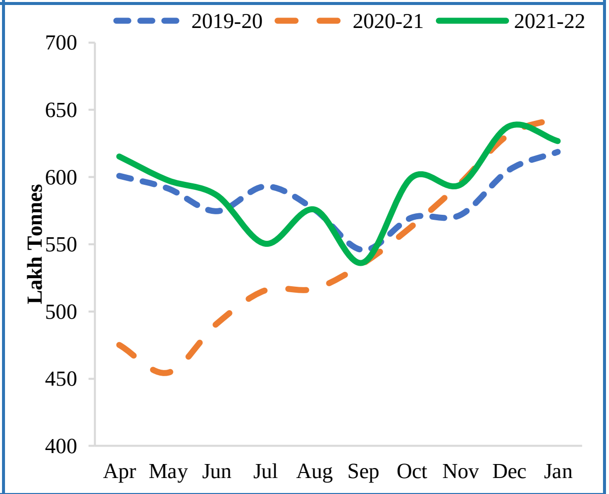


Source: RBI

21. However, a month before in December, 2021, bank credit growth to the services sector made a simmering turnaround going past the bank credit growth to the industrial sector after three months, recording a healthy 10.8 per cent YoY growth. Growth in credit to Non-Bank Financial Companies (accounting for one-third of Services credit) rose even more sharply to 13.4 per cent. Total credit outstanding to Services sector in December-end (₹ 28.48 lakh cr) also surpassed the March 2021-end level (₹ 26.73 lakh cr) for the first time in this financial year. Additionally, net response of bankers in RBI's Quarterly Bankers Lending Survey for services credit remained optimistic and rose sharply from 42.9 in Q2 to 53.6 in Q3: 2021-22. For next quarter, Bankers' expectations remained optimistic at 48.2 for Q4, same as previous round for Q3: 2021-22.



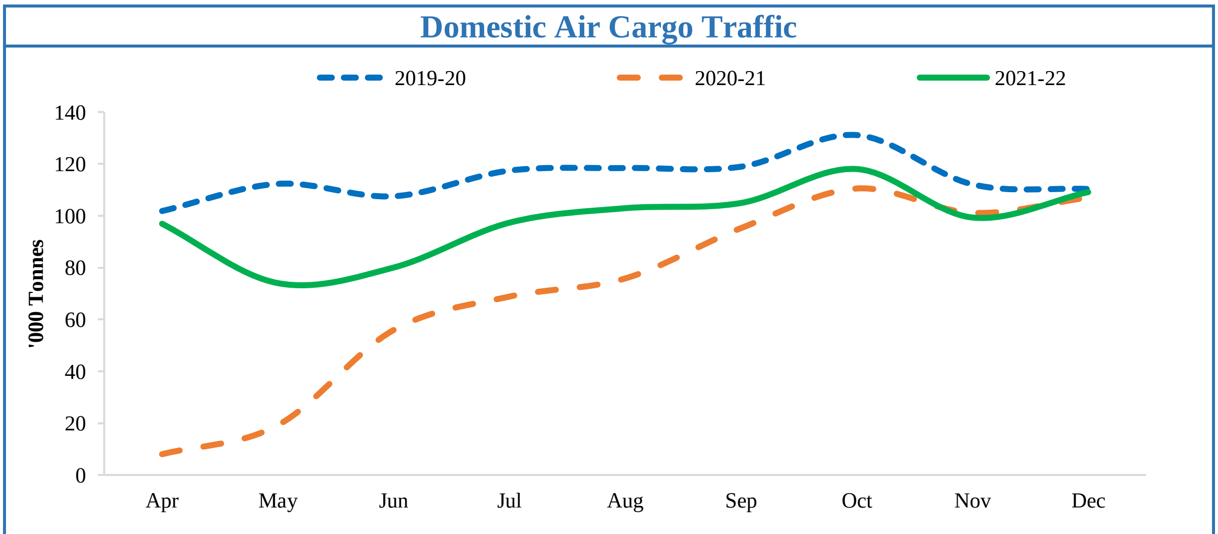
Source: Ministry of Railways



Source: IPA

22. Not affected by Omicron variants and more in tune with growth of eight core industries, railway freight traffic maintained its strong momentum, growing by 7.7 per cent YoY in January 2022 compared to 7.2 per cent in December 2020. Port traffic in January 2022 however contracted by 2.8 per cent YoY, compared to 0.6 per cent contraction in the previous month, as petroleum, oil and lubricants (POL) traffic, which accounts for 32 per cent of the total port traffic declined along with larger contraction in coking coal, fertilizers, and iron ore traffic. Air cargo traffic continued its upward trend in December, almost reaching December 2019 levels.

23. According to RBI's Quarterly Services and Infrastructure Outlook Survey, services sector enterprises assessed improvement in overall business situation as well as in their own turnover during Q3:2021-22. Sentiments on employment conditions improved albeit at a moderate rate vis-à-vis the previous survey round.



Source: AAI

Key Highlights of Union Budget 2022-23 for Services Sector

- In 2022, 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts. This will be helpful, especially for farmers and senior citizens in rural areas, enabling inter-operability and financial inclusion.

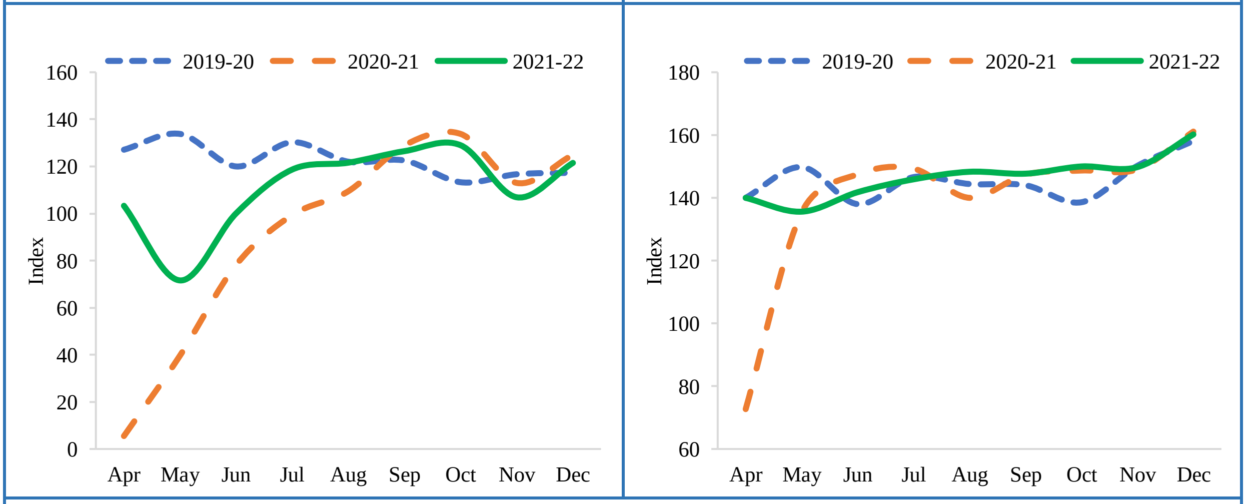
- Scheduled Commercial Banks to set up 75 Digital Banking Units (DBUs) in 75 districts of the country.
- The financial support for digital payment ecosystem announced in the previous Budget to be continued in 2022-23 and will encourage further adoption of digital payments.
- The animation, visual effects, gaming, and comic (AVGC) promotion task force with all stakeholders to be set up to build domestic capacity in this sector and realize its potential.
- Required spectrum auctions to be conducted in 2022 to facilitate rollout of 5G mobile services within 2022-23 by private telecom providers.
- A scheme for design-led manufacturing to be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.
- To enable affordable broadband and mobile service proliferation in rural and remote areas, five per cent of annual collections under the Universal Service Obligation Fund to be allocated.
- Contracts for laying optical fibre in all villages, including remote areas, to be awarded under the Bharatnet project through PPP in 2022-23.
- The issuance of e-Passports using embedded chip and futuristic technology to be rolled out in 2022-23 to enhance convenience for the citizens in their overseas travel.

Aggregate Demand

Consumption

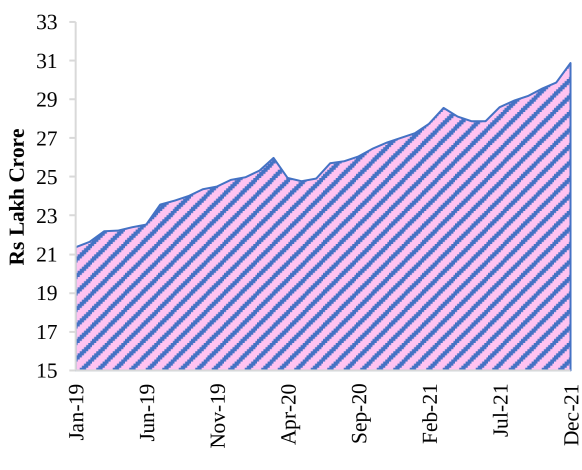
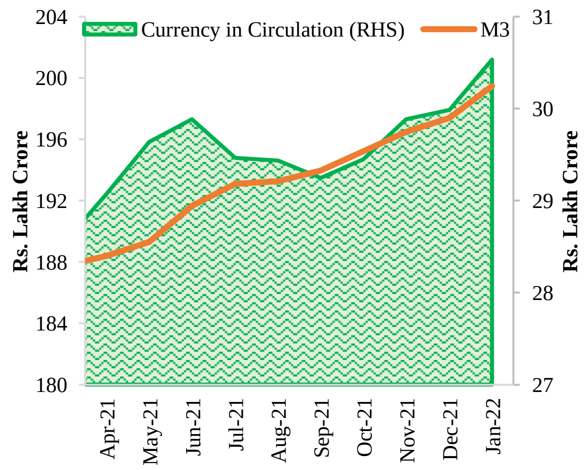
24. Indicators of consumption point towards resilience and steady growth. While the IIP Consumer Durables Index and IIP Consumer Non-Durables Index contracted by 2.7 per cent and 0.6 per cent respectively in December 2021, they grew sequentially by 13.9 per cent and 6.6 per cent respectively. Furthermore, the indices grew by 20.4 per cent and 5.4 per cent respectively in the period between April-December 2021 over April-December 2020. YoY contraction in the month of December, 2021 can be attributed to relatively high base during last year when both the indices had crossed their pre-pandemic levels.

IIP Consumer Durables Index | **IIP Consumer Non- Durables Index**



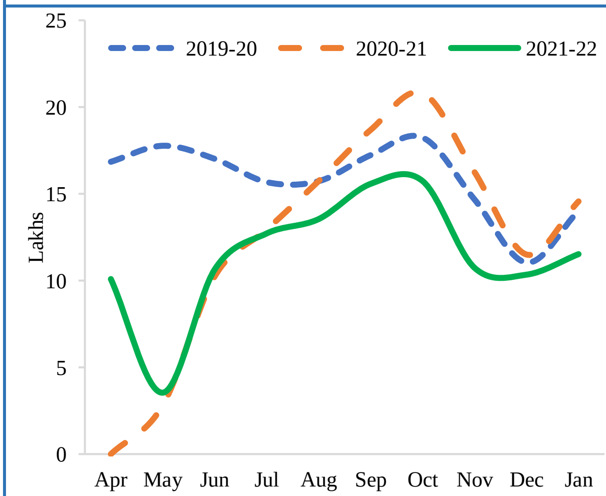
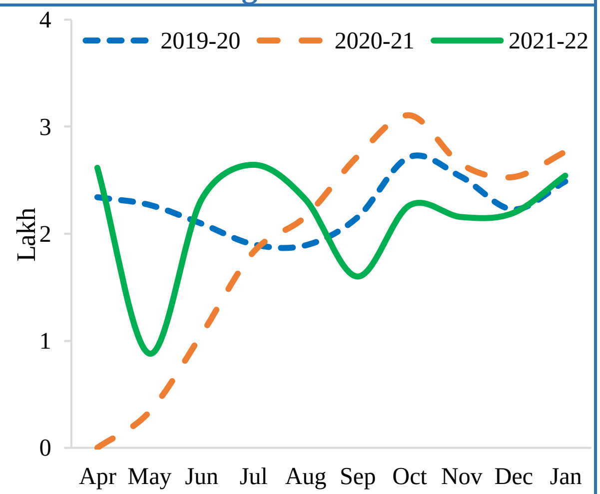
Source: MoSPI

25. Personal loans segment continued to expand robustly, growing by 14.3 per cent in December 2021 vis-à-vis 11.6 per cent in the preceding month. The growth was primarily led by an increase in loans for consumer durables, loans against gold and other loans. As consumer demand continues to firm up, credit growth to this segment is expected to be robust and sustainable. However, the increase in loans against gold may indicate a strain on individual incomes and cash flows. Currency in circulation serves as indicator of holding cash for precautionary purposes. Data shows that currency with the public increased in the period between April-Jun 2021, when the second wave of Covid-19 infections occurred, and fell thereafter. A similar pattern is observed at the end of current year 2021 when Omicron concerns began to arise. However, as the third wave recedes, currency with the public is expected to reduce following an uptick in consumption.

Personal Loans	Currency in Circulation & M3
	

Source: RBI

26. While data for January 2022 shows that passenger automobile sales have contracted 8.1 per cent YoY, the numbers have reached their pre-pandemic levels. Additionally, industry reports point towards longer delivery timelines and waiting periods. Combining this with a significantly lower base effect in sales indicates a strong demand for passenger vehicles.

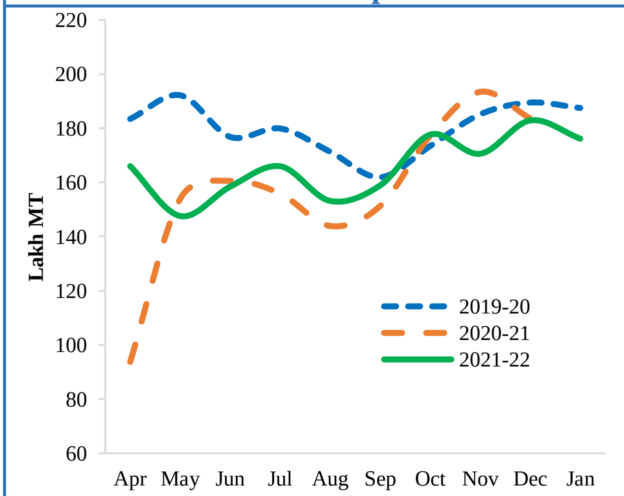
Two and Three Wheelers	Passenger Auto Sales
	

Source: SIAM

27. Two-wheeler and three-wheeler sales have contracted by 21 per cent and 9 per cent respectively in January 2022. However, sales numbers have grown sequentially. The sluggish growth in this sector is due to the ongoing semiconductor shortage which has led to automobile manufacturers scaling back production targets. As supply bottlenecks recede, automobile sales are expected to exhibit a robust and increasing trend. Fuel consumption has been steady but is yet to fully cross its pre-pandemic levels.

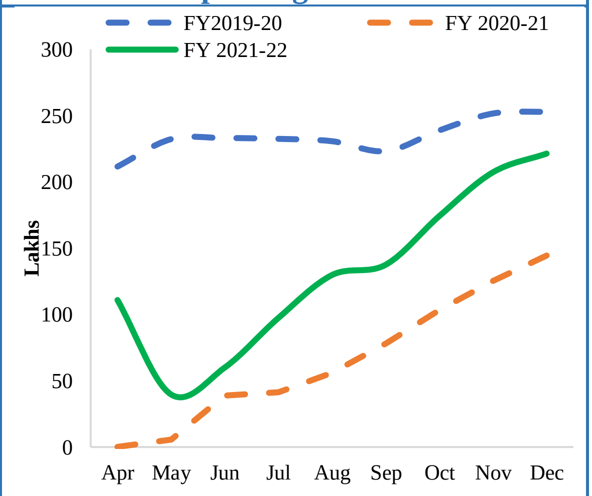
28. Domestic air passenger traffic, a good indicator of mobility and consumption, has been consistently greater than its 2020-21 level since March 2021 and has grown by 53.3 per cent in December 2021 as compared to 65.5 per cent in November 2021. While passenger traffic is yet to reclaim pre-pandemic levels, the consistent trend combined with reducing travel constraints and infection is expected to keep growth in this indicator robust.

Fuel Consumption



Source: PPAC

Air passenger Traffic



Source: AAI

Key Highlight of Union Budget 2022-23 for Consumption

- For government procurement, new rules mandate payment of 75 per cent of running bills, within 10 days.
- A completely paperless, end-to-end online e-Bill System to be launched for use by all central ministries for their procurements. The system will enable the suppliers and contractors to submit online their digitally signed bills and claims and track their status from anywhere.
- To reduce indirect cost for suppliers and work-contractors, the use of surety bonds as a substitute for bank guarantee will be made acceptable in government procurements.

Tax Measures

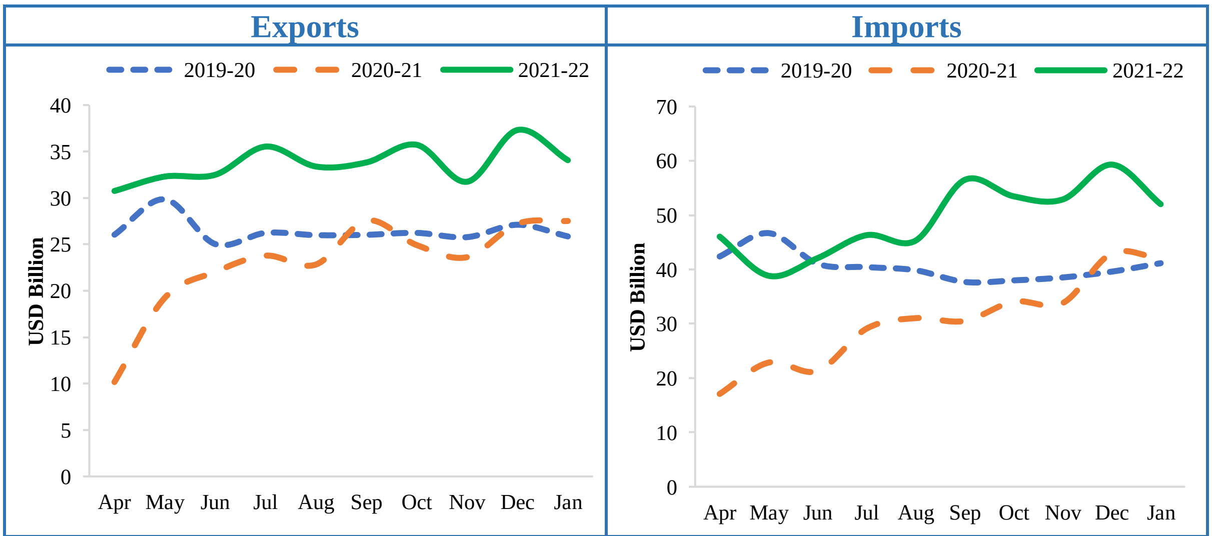
- Income of a non-resident from offshore derivative instruments, or over the counter derivatives issued by an offshore banking unit, income from royalty and interest on account of lease of ship and income received from portfolio management services in IFSC to be exempt from tax, subject to specified conditions.

- To provide an opportunity to correct errors in filing income tax returns, a provision for **Updated Return** has been made on payment of additional tax within two years of the relevant assessment year.
- Parent/guardian of differently abled person can continue to enjoy tax relief on insurance premium even if in their lifetime, provided they are at least 60 years old, the differently abled person takes payment of annuity/lump sum. Presently, annuity/lumpsum is available only at the death of the guardian for him to take tax relief.
- Tax deduction limit for employer's contribution to National Pension Scheme increased from 10 to 14 per cent of salary for state government employees, at par with central government employees.

Trade

29. India recorded its highest yearly merchandise exports in the first ten months of FY 2021-22 crossing USD 335 billion. This marks an increase of 46.7 and 27.2 per cent over corresponding periods of 2020-21 and 2019-20 respectively. Merchandise exports in January 2022 stood at USD 34.5 billion, an increase of 25.3 and 33.4 per cent over January 2021 and January 2020 levels respectively.

30. While India's robust export performance reflects resilient demand for Indian goods, imports also continued to surge on the back of improving domestic demand. India's merchandise imports in 2021-22 (April-January) stood at about USD 496 billion, an increase of 62.7 per cent and 22.3 per cent over corresponding periods of 2020-21 and 2019-20 respectively. After reaching its highest level in December 2021, India's merchandise imports at USD 52 billion in January, 2022 crossed the US$ 50 billion mark for the fifth consecutive month, marking an increase of 23.6 per cent and 26.2 per cent over January 2021 and January 2020 levels respectively.

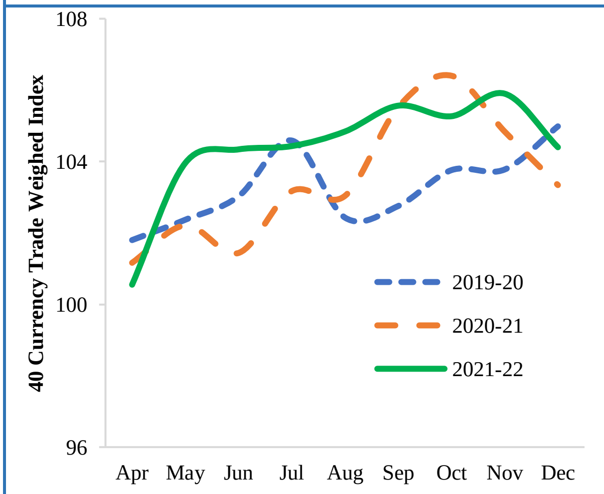


Source: Ministry of Commerce and Industry

31. After widening to an all-time high monthly trade deficit of US$ 22.9 billion in November 2021 owing to elevated crude oil prices and rise in non-oil imports, trade deficit eased to US$ 21.7 billion in December 2021 and USD 17.4 billion in January 2022. However, it still remains higher compared to previous year and pre-pandemic levels. The price of the

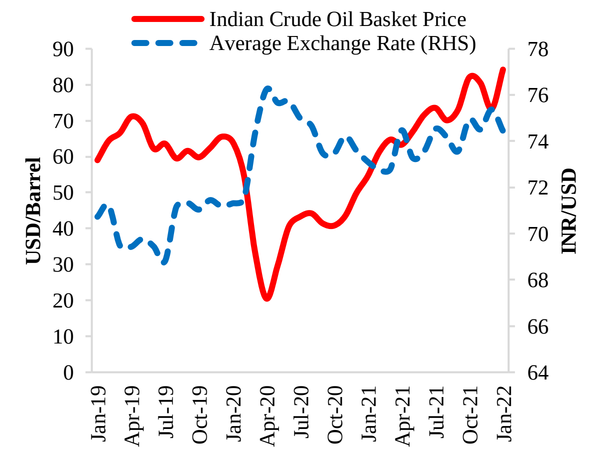
Indian crude oil basket rose to 94.54 USD/bbl on February 15, 2022 compared to an average of 72.93 USD/bbl in January 2022 and 81.51 USD/bbl in December 2021. India's current account balance recorded a deficit of 1.3 per cent of GDP in Q2 of 2021-22 as against a surplus of 0.9 per cent of GDP in Q1:2021-22 and 2.4 per cent of GDP a year ago. Rising deficits weaken the currency. The Indian rupee depreciated against the US dollar in December by 0.6 per cent over previous month. This was also mirrored in the movement of the rupee in terms of the 40-currency real effective exchange rate (REER) index, which depreciated by 1.4 per cent in December over its level a month ago.

REER



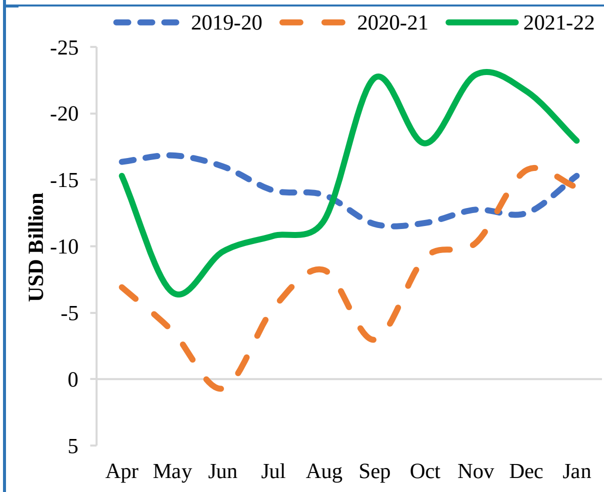
Source: RBI

Crude Oil Prices and Exchange Rate



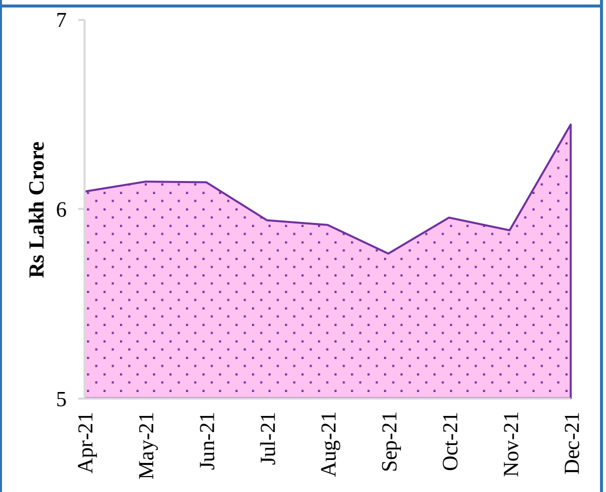
Source: PPAC, FBIL

Trade Balance



Source: Ministry of Commerce and Industry

Credit to Trade



Source: RBI

32. The Budget 2022-23 has taken forward the Atmanirbhar Bharat Mission of self-reliance through 'Make in India' by rationalizing the custom duty structure, raising rates on products whose domestic manufacturing capacity exists while lowering duties on those that qualify as essential inputs, not available in India but critical to the manufacturing processes in the country.

Key Highlight of Union Budget 2022-23 for Trade Sector

Net Exports

- The Special Economic Zones (SEZ) Act to be replaced with a new legislation to enable the states to become partners in 'Development of Enterprise and Service Hubs', for facilitating optimal utilisation of available infrastructure and enhancing competitiveness of exports.
- IT driven reform of custom administration in SEZ to function on Customs National Portal and focus on higher facilitation with only risk-based checks.
- Of the Defence capital procurement budget, the share earmarked for domestic industry increases from 58 per cent in 2021-22 to 68 per cent in 2022-23.
- Of the defence R&D budget, 25 per cent to be earmarked for industry, start-ups and academia.
- Private industry to be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO through SPV model.

Custom Duty Measures

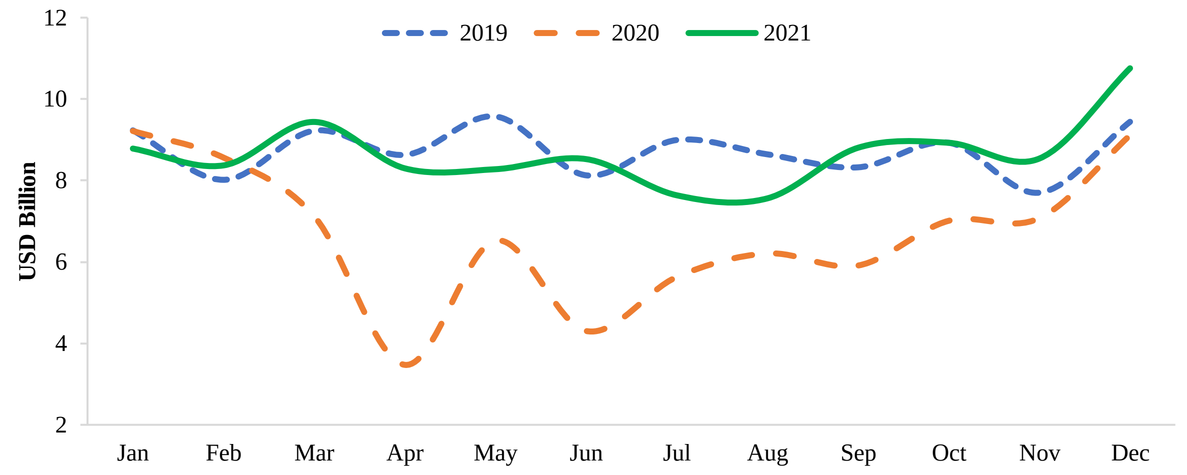
- Concessional rates in capital goods and project imports to be gradual phased out and replaced by a moderate tariff of 7.5 per cent, while allowing certain exemptions for advanced machineries not manufactured within the country.
- A few exemptions to be introduced on inputs, like specialised castings, ball screw and linear motion guide, to encourage domestic manufacturing of capital goods.
- More than 350 exemption entries to be phased out covering agricultural produce, chemicals, fabrics, medical devices and drugs and medicines for which sufficient domestic capacity exists.
- Several concessional rates to be incorporated in the Customs Tariff Schedule itself instead of prescribing them through various notifications.
- Duty concessions on transformer of mobile phone chargers and camera lens of mobile camera module to enable domestic manufacturing of high growth electronic items including wearable devices, hearable devices and electronic smart meters.
- Customs duty on cut and polished diamonds and gemstones reduced to 5 per cent and on sawn diamond to nil. Duty on imitation jewellery to be at least Rs. 400 per Kg.
- Customs duty on certain critical chemicals namely methanol, acetic acid and heavy feed stocks for petroleum refining to be reduced, while on sodium cyanide to be raised.
- Duty on umbrellas raised to 20 per cent while exemption on umbrella parts is being withdrawn. Exemption to be rationalised on implements and tools for agri-sector which are manufactured in India. Exemption given to steel scrap last year to be extended for another year to provide relief to MSME secondary steel producers. Certain Anti- dumping and CVD on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel are being revoked in larger public interest considering prevailing high prices of metals.
- To incentivise exports, exemptions to be provided on items such as embellishment, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings and packaging boxes that are needed by bona fide exporters of handicrafts, textiles and leather garments, leather footwear and other goods.
- Duty to be reduced on certain inputs required for shrimp aquaculture so as to promote its exports.

- Unblended fuel shall attract an additional differential excise duty of Rs. 2/ litre from the 1st day of October 2022.

Investment

33. Enabling environment for a revival of investment activity are falling into place. Capital goods index of IIP, an indicator of private investment, rose sequentially from 82.6 in November 2021 to 91.4 in December 2021, reverting to its October level. Capital goods imports expanded by double digits during December 2021 for the tenth consecutive month.

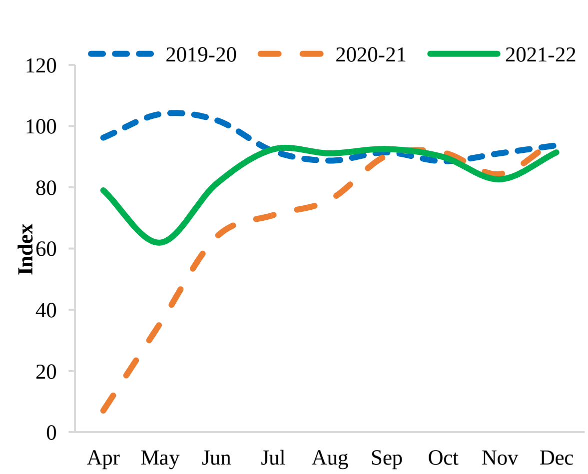
Import of Capital Goods



Source: Ministry of Commerce, DGCI&S

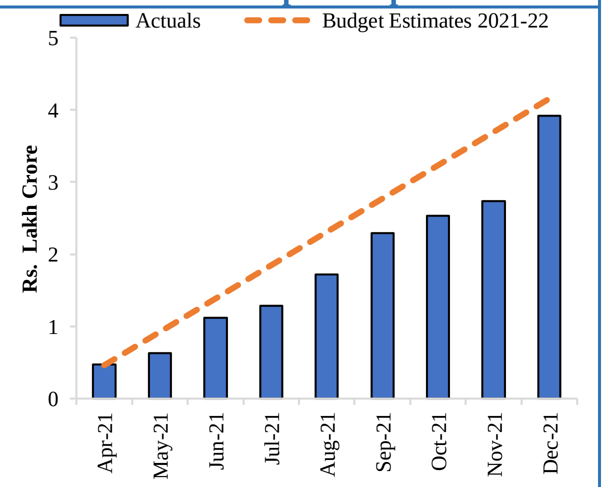
34. In line with the 2021-22 Budget's steep increase of 34.5 per cent in capital outlay, Central Government stepped up public capital expenditure in the first nine months of 2021-22 (April-December) by 26.8 per cent over the corresponding period of the last year and 53.3 per cent over the corresponding 2019-20 levels. The Capex spending at ₹3.9 lakh crore up to December 2021 is focused on Railways, Road transport and Highways, and Housing and Urban Affairs, sectors crucial for industrial turnaround.

IIP Capital Goods Index



Source: MoSPI

Cumulative Capital Expenditure



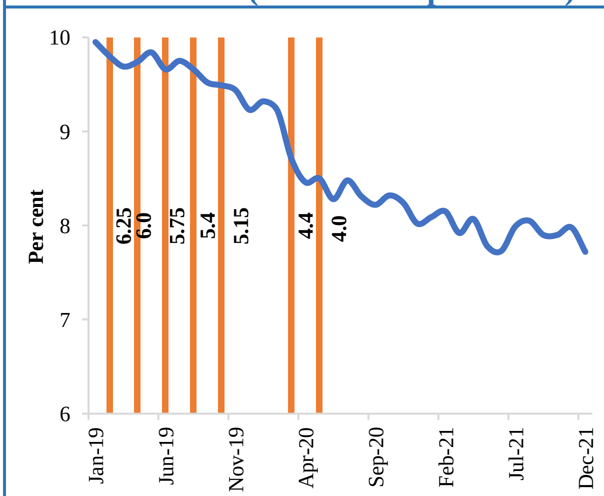
Source: CGA

35. As per budget 2022-23, capital expenditure is expected to rise further by 35.4 per cent YoY to ₹ 7.5 lakh crore which translates to 2.9 per cent of GDP and 2.2 times of Capex in 2019-20. This is coupled with significant push to States' capital spending, leading to a 10.68 lakh crore effective capital spending by the Centre (4.1 per cent of GDP). The financing of capex will be financed by a general government fiscal deficit of 10.4 per cent of GDP including 6.4 per cent budgeted for the Union Government and 4 per cent capped for the states.

36. The sustained rise in Capex is expected to crowd-in private investment, as pandemic-related uncertainties fade away and businesses expect rising demand. This is happening currently, as observable in the rise in capacity utilization in manufacturing sector from 60 per cent in Q2 to 68.3 per cent in Q3: 2021-22 as per RBI's Order Books, Inventories and Capacity Utilisation Survey (OBICUS). Furthermore, as per RBI's Industrial Outlook Survey, manufacturing enterprises assessed improvement in demand conditions in terms of production, order books and employment situation in Q3:2021-22, though at a slower pace vis-à-vis previous survey round. Business sentiments remained well in the expansionary zone but waned marginally, as reflected in the business assessment index (BAI) which stood at 115.0 in Q3:2021-22 as compared to 119.4 in Q2:2021-22. With the third wave's impact appearing modest and short-lived, investment demand is slated to rise in coming months.

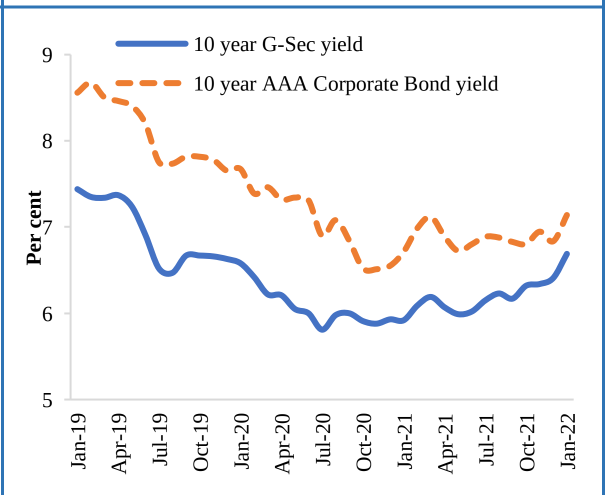
37. Surplus systemic liquidity and forward guidance on the accommodative monetary policy stance have ensured that short-term rates remained anchored and soft relative to the policy rate, facilitating hastier monetary policy transmission to other segments of the market spectrum. Weighted average lending rate (WALR) on fresh rupee loans of scheduled commercial banks (SCBs) have softened by 223 bps between January 2019 and December, 2021 indicating a complete pass-through of the policy rate cuts. As of December, 2021, the WALR stands at 7.72 per cent. This reduction in the overall cost of funds will provide reprieve to borrowers affected by the pandemic and boost credit in the economy.

WALR of SCB (on Fresh Rupee Loans)



Source: RBI

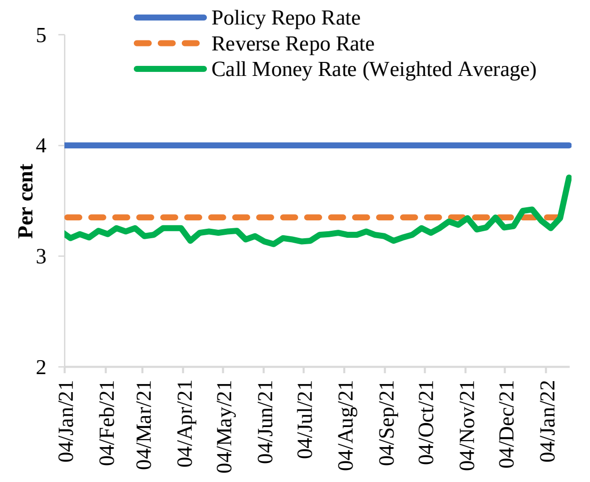
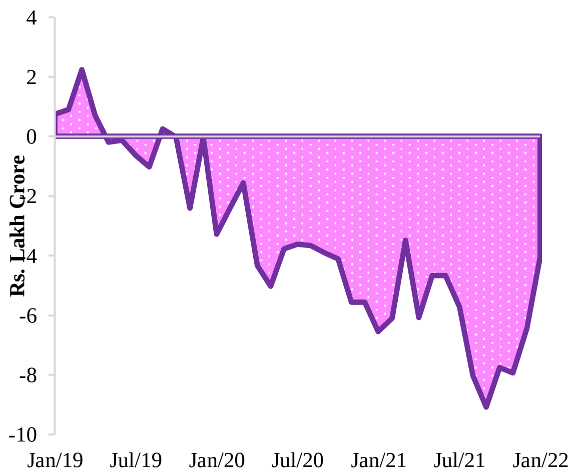
Bond Yields



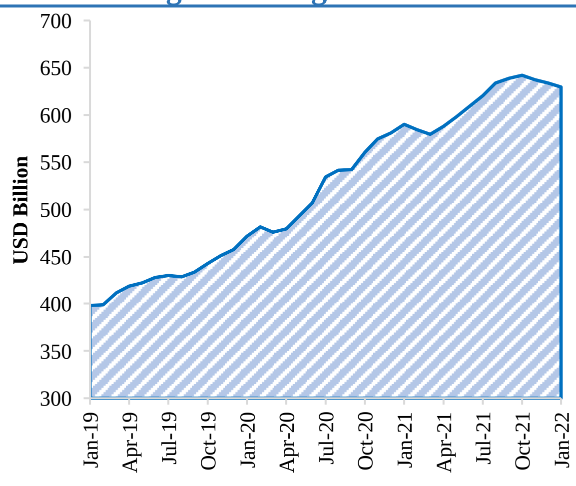
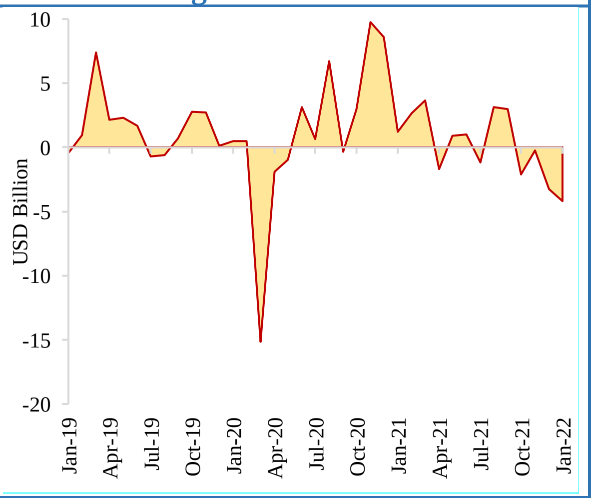
Source: CCIL,RBI

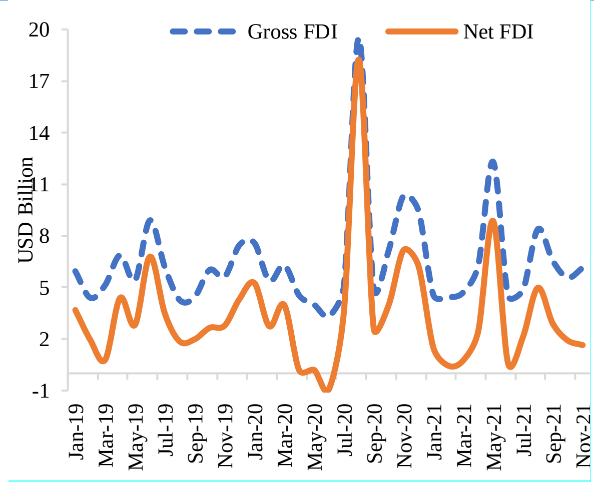
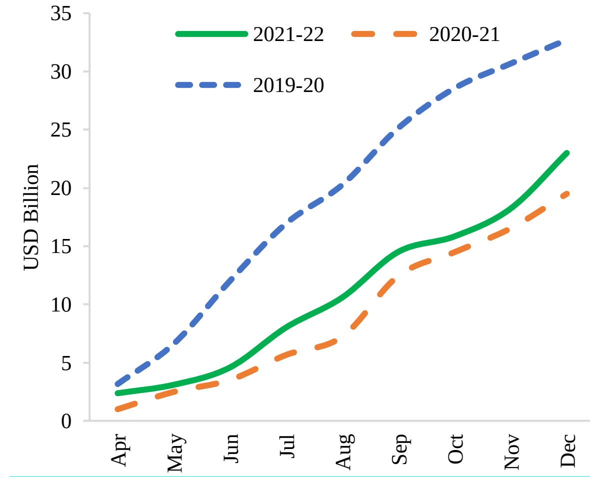
38. However, since Q3 of 2021-22, liquidity conditions have somewhat tightened with the RBI resorting to the variable reverse repo rate auctions. Resultantly, the call money rate has entered the LAF corridor after a long time while as of January 2022, 10 year G-sec yield have

hardened over the previous month by 28 bps to 6.7 per cent along with corporate bond yields rising by 30 basis to 7.1 per cent with the spread between the two widening to 45 basis point. Global cues, viz., indication of a faster reversal of accommodative stances by major central banks, rise in US treasury yields and higher crude oil prices have contributed to the rise in the yields on the Government securities.

LAF Corridor	Net Liquidity Injected (Net Injection (+)/Absorption (-))
	
Source: RBI	

39. The tightening of liquidity conditions is also explained by a slight dipping of the forex reserves as net selling by FPI beginning in Q3 of 2021-22 has reinforced the variable reverse repo auctions in sucking out liquidity. FPI outflows have been triggered by tightening of monetary conditions in advance economies as they attempt to quell rising global inflation. Some impact is also seen in the weakening of FDI inflows as well. Yet financing of investment by foreign savings is adequately available through External Commercial Borrowings (ECBs), which has been rising in the current year apart from equity financing through IPOs.

Foreign Exchange Reserves	Net Foreign Portfolio Investment
	
Source: RBI	Source: CDSL

Foreign Direct Investment	Cumulative ECBs
	
Source: DPIIT	Source: RBI

Key Highlight of Union Budget 2022-23 for Investment

- The PM GatiShakti National Master Plan to encompass the engines of Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure, to pull forward the economy in unison. These engines to be supported by Clean Energy Transmission, IT Communication, Bulk Water & Sewerage, and Social Infrastructure. The focus will be on planning, financing including through innovative ways, use of technology, and speedier implementation. The projects pertaining to these 7 engines in the National Infrastructure Pipeline will be aligned with PM GatiShakti framework.
- PM GatiShakti Master Plan for Expressways to be formulated in 2022-23 while adding in the same year 25,000 km to the National Highways network. The budget of Rs. 20,000 crore will be mobilized through innovative ways of financing to complement the public resources.
- The data exchange among all mode operators to be brought on Unified Logistics Interface Platform (ULIP), designed for Application Programming Interface (API), to provide for efficient movement of goods through different modes, reducing logistics cost and time, assisting just-in-time inventory management, and eliminating tedious documentation. Open-source mobility stack, for organizing seamless travel of passengers to be also facilitated.
- Contracts for implementation of Multimodal Logistics Parks at four locations through PPP mode to be awarded in 2022-23.
- Railways to develop new products and efficient logistics services for small farmers and Small and Medium Enterprises, besides taking the lead in integration of Postal and Railways networks to provide seamless solutions for movement of parcels.
- ‘One Station-One Product’ concept to be popularized to help local businesses & supply chains.
- In 2022-23, 2,000 km of rail network to be brought under Kavach, the indigenous world-class technology for safety and capacity augmentation.
- Four hundred new-generation Vande Bharat Trains with better energy efficiency and passenger riding experience to be developed and manufactured in the next three years.
- One hundred PM GatiShakti Cargo Terminals for multimodal logistics facilities to be developed during the next three years.

- Multimodal connectivity between mass urban transport and railway stations to be facilitated on priority.
- National Ropeways Development Programme to be taken up on PPP mode to provide alternative to conventional roads in difficult hilly and congested urban areas. Contracts for 8 ropeway projects for a length of 60 km will be awarded in 2022-23.
- Capacity Building Commission, central ministries, and state governments to provide technical support to infra-agencies to upgrade their skills.
- A new scheme, Prime Minister's Development Initiative for North-East, PM-DevINE, for funding infrastructure and social development projects to be implemented, based on states' priorities. An initial allocation of Rs. 1,500 crore made for the following initial list of projects:

a. Establishment of Dedicated Services for the Management of Paediatric and Adult Haemotolymphoid Cancers in North East India, Guwahati (Multi-State);
b. NECTAR Livelihood Improvement Project (Multi-State);
c. Promoting Scientific Organic Agriculture in North East Indian (Multi-State);
d. Construction of Aizawl By-pass on Western Side;
e. Gap funding for Passenger Ropeway system for Pelling to Sanga-Choeling in West Sikkim;
f. Gap funding for Eco-friendly Ropeway (Cable Car) from Dhapper to Bhaleydhunga in South Sikkim;
g. Pilot Project for Construction of Bamboo Link Road at Different Locations in Various Districts in the State of Mizoram;

- Necessary amendments in the Insolvency and Bankruptcy Code to be carried out to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.
- Centre for Processing Accelerated Corporate Exit (C-PACE) to be established to facilitate and speed up the voluntary winding-up of companies from the currently required 2 years to less than 6 months.
- Public investment to continue to take the lead and pump-prime the private investment and demand in 2022-23.
- Outlay for capital expenditure in the Union Budget is once again stepped up sharply by 35.4 per cent from Rs. 5.54 lakh crore in the current year to Rs. 7.50 lakh crore in 2022-23, which is 2.9 per cent of GDP.
- With the provision made for creation of capital assets through Grants-in-Aid to States, the 'Effective Capital Expenditure' of the Central Government is estimated at Rs. 10.68 lakh crore in 2022-23, which is 4.1 per cent of GDP.
- Sovereign Green Bonds to be issued for mobilizing resources for green infrastructure, as part of government's overall borrowing programme. The proceeds to be deployed in public sector projects which help in reducing the carbon intensity of the economy.
- The revised Fiscal Deficit of the central government in the current year is estimated at 6.9 per cent of GDP as against 6.8 per cent projected in the Budget Estimates. The Fiscal Deficit in 2022-23 is estimated at 6.4 per cent of GDP, which is consistent with the broad path of fiscal consolidation announced last year to reach a fiscal deficit level below 4.5 per cent by 2025-26.
- The outlay of the 'Scheme for Financial Assistance to States for Capital Investment', increased from Rs.15,000 crore in R.E of 2021-22 to Rs. 1 lakh crore in B.E of 2022-23. These fifty-year interest free loans are over and above the normal borrowings allowed to the

states. This allocation will be used for PM GatiShakti related and other productive capital investment of the states. It will also include components for:

a. Supplemental funding for priority segments of PM Gram SadakYojana, including support for the states' share,

b. Digitisation of the economy, including digital payments and completion of OFC network, and

c. Reforms related to building byelaws, town planning schemes, transit-oriented development, and transferable development rights.

- In 2022-23, in accordance with the recommendations of the 15th Finance Commission, the states to be allowed a fiscal deficit of 4 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms.
- World-class foreign universities and institutions to be allowed in the GIFT City to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations.
- An International Arbitration Centre to be set up in the GIFT City for timely settlement of disputes under international jurisprudence.
- Services for global capital for sustainable & climate finance in the country to be facilitated in the GIFT City.
- Data Centres and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems to be included in the harmonized list of infrastructure, for facilitating credit availability.
- An expert committee to be set up to suggest measures for scaling up investment of Venture Capital and Private Equity.
- For encouraging important sunrise sectors such as Climate Action, Deep-Tech, Digital Economy, Pharma and Agri-Tech, government to promote thematic funds for blended finance with the government share being limited to 20 per cent and the funds being managed by private fund managers.
- Measures to be taken to enhance financial viability of projects including PPP, with technical and knowledge assistance from multi-lateral agencies.
- Central Bank Digital Rupee using blockchain and other technologies to be issued by the Reserve Bank of India starting 2022-23.

Tax Measures

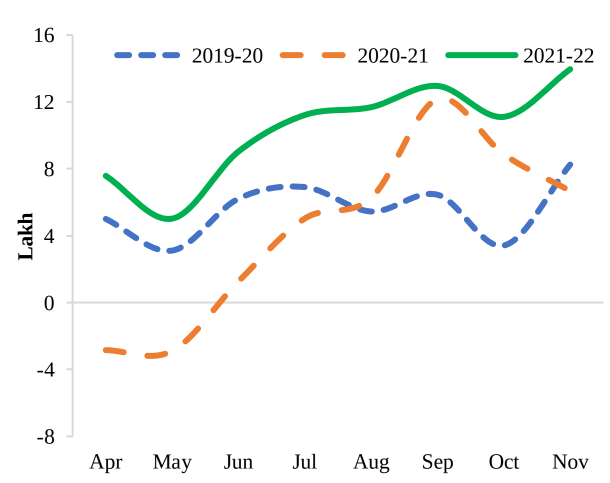
- Cooperative Societies to now pay Alternate Minimum Tax of 15 per cent, down from 18.5 per cent, and at par with what companies pay. Surcharge also reduces from 12 to 7 per cent for societies having annual income between Rs. 1-10 crore.
- Eligible start-ups established before 31.3.2023 to enjoy tax incentive for three out of ten years from incorporation. Presently the cut-off date is 31.3.2022.
- Newly incorporated domestic companies enjoying a concessional tax regime of 15 per cent can now commence manufacturing from 31st March, 2024 instead of 2023.
- Any income from transfer of any virtual digital asset to be taxed at the rate of 30 per cent including the gift of the asset in the hands of the recipient.
- Income of Association of Persons (AOP) formed as a consortium to deliver work contracts will now pay a maximum surcharge of 15 per cent, down from 37 per cent.
- Surcharge on long-term gains arising out of transfer of any asset to be 15 per cent. Presently, this is allowed only for listed equity shares.

- Towards increasing deterrence against tax-evasion, no set-off, of any loss to be allowed against undisclosed income detected during search and survey operations.

Employment

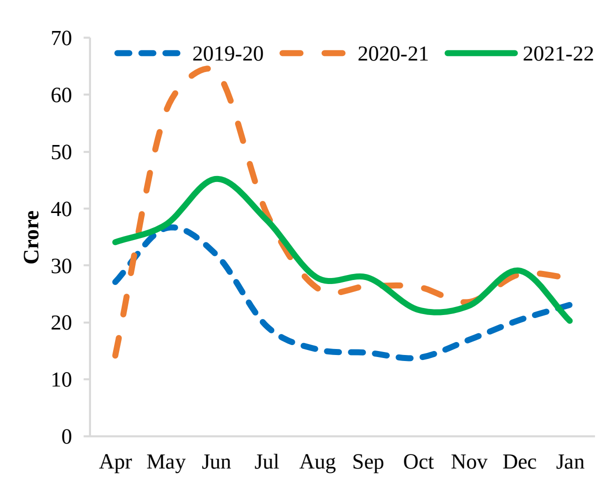
40. Net addition in EPFO subscriptions, indicative of employment generation in organised sector, doubled in November 2021 to 13.95 lakhs compared to the corresponding month of previous year as well as pre-pandemic levels of 2019-20. More than 8 lakh new members have been protected under the social security cover of EPFO for the first time. Moreover, majority of the net additions during the month belong to 18-25 years of age group with female labour force participation in organised sector expanding by 25 per cent compared to previous month. Analysing the industry-wise payroll data manifest that 'expert services' category (consisting of manpower agencies, private security agencies and small contractors etc.) constituted 41.5 per cent addition during the month. In addition, growing trend in net payroll additions has been noted in industries like building and construction industry, textiles, schools, restaurants, cement etc.

EPFO: Net Payroll Addition



Source: EPFO

MGNREGS Work Generated



Source: NREGASoft

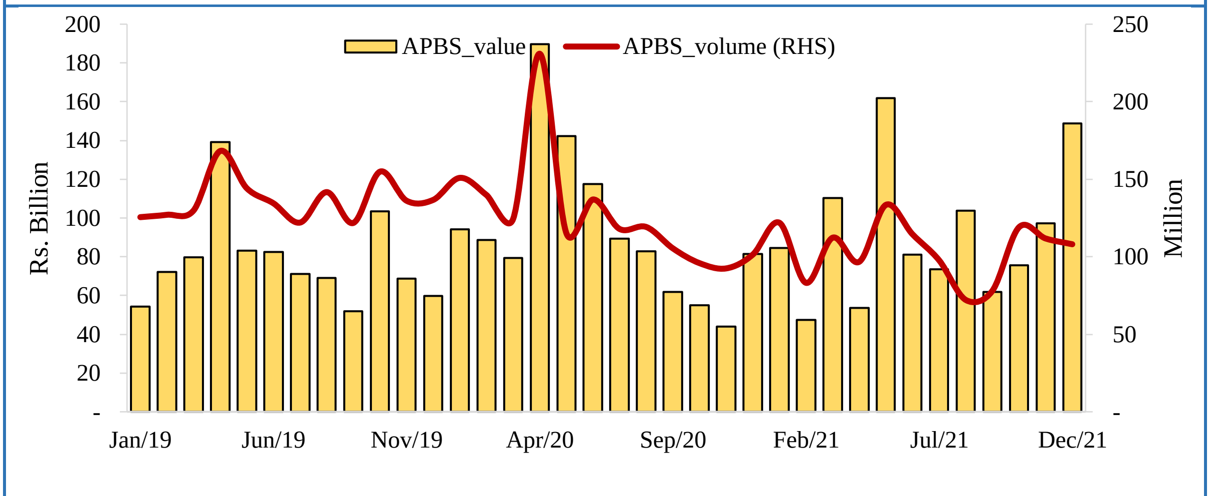
41. During January 2022, demand for work under MGNREGS shrank by 20.1 percent compared to corresponding month previous year and was 9.5 percent lower than in December 2021, signifying the employment generated by on-going rabi sowing season.

42. According to second quarter of the Quarterly Employment Survey (QES) published on 10th January 2022, by Ministry of Labour, total employment in nine selected sectors such as manufacturing, construction, trade, transport, education, health, accommodation & restaurant, IT/BPO and financial services increased by 2 lakh from previous quarter to stand at 3.1 crore for the quarter ending September, 2021. Of the total employment, manufacturing accounted for nearly 39 per cent, followed by Education with 22 per cent and Health as well as IT/BPOs sectors both around 10 per cent. The overall percentage of female workers were 32.1, higher than 29.3 per cent reported in the first quarter of QES. Regular workers constitute 87 per cent of the estimated workforce in the selected sectors, with only 2 per cent being casual workers. However, in the construction sector, 20 per cent of the workers were contractual and 6.4 per cent were casual workers.

Income Support

43. Aadhar payment bridge system (APBS) transactions is an indicator of income support by the government in form of the transfer of benefits and subsides channelised through bank account of the intended beneficiaries. During December 2021, both volume and value of APBS transactions rose by 6.6 per cent and 83.0 per cent respectively over the corresponding month of the previous year, reflecting government's growing support to the vulnerable sections of the society.

Aadhaar payment bridge system (APBS) transactions



Source: NCPI

Key Highlight of Union Budget 2022-23 for Human Resources

- The National Skill Qualification Framework (NSQF) to be aligned with dynamic industry needs.
- Digital Ecosystem for Skilling and Livelihood – the DESH-Stack e-portal – to be launched for empowering citizens to skill, reskill or upskill through on-line training. It will also provide API-based trusted skill credentials, payment and discovery layers to find relevant jobs and entrepreneurial opportunities.
- Start-ups to be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS). In select ITIs, in all states, the required courses for skilling, will be started.
- Towards universalization of quality education 'one class-one TV channel' programme of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1-12.
- In vocational courses, 750 virtual labs in science and mathematics and 75 skilling e-labs for simulated learning environment to be set-up in 2022-23.
- High-quality e-content in all spoken languages to be developed for delivery via internet, mobile phones, TV and radio through Digital Teachers.
- A Digital University to be established to provide access to students across the country for world-class quality universal education with personalised learning experience at their doorsteps. This will be made available in different Indian languages and ICT formats. The University will be built on a networked hub-spoke model, with the hub building cutting edge

ICT expertise. The best public universities and institutions in the country will collaborate as a network of hub-spokes.

- An open platform, for the National Digital Health Ecosystem will be rolled out. It will consist of digital registries of health providers and health facilities, unique health identity, consent framework, and universal access to health facilities.
- A 'National Tele Mental Health Programme' to be launched with a network of 23 tele-mental health centres of excellence, and NIMHANS being the nodal centre. International Institute of Information Technology-Bangalore (IIITB) to provide technology support.
- Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0 were recently launched to provide integrated benefits to women and children. Under the Saksham Anganwadi Scheme, two lakh anganwadis will be upgraded to be equipped with better infrastructure and audio-visual aids powered by clean energy.
- To cover an additional 3.8 crore households under Har Ghar, Nal Se Jal, over and above 8.7 crore households already covered, an allocation of Rs.60,000 crore has been made.

Outlook

44. Overall economic activity remained resilient amid the third wave of COVID-19 as India has learnt to move on with virus-based constraints. This is reflected in robust performance of several high frequency indicators like power consumption, PMI manufacturing, exports, e-way bill generation. Rapid pace of vaccination has further bolstered the confidence within the economy. Further, Union Budget 2022-23 commitment towards asset creation (public infrastructure development) will invigorate the virtuous cycle of investment and crowd in private investment with large multiplier effects which in turn will augment inclusive and sustainable growth. Once the uncertainty and anxiety caused by the Covid-19 virus recedes from people's minds, consumption will pick up and the demand revival will then facilitate the private sector stepping in with investments to augment production to meet the rising demand. Barring external shocks – geo-political and economic – this scenario should play out for the Indian economy in 2022-23.

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