

State of the Economy¹

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Abstract

Overall, macro-economic stability indicators suggest that the Indian economy is well placed to take on the challenges of 2022-23. Indian economy is in a good position due to its unique response strategy. The sharp increase in capital spending by the Government can be seen both as demand and supply enhancing response as it creates infrastructure capacity for future growth. This year's Survey highlights the importance of process reforms in a number of sectors. Chapter II discusses the reforms undertaken in the public procurement policy- launch of Government e-Marketplace (GeM) in 2016 for standard routine use items and the new procurement guidelines issued in October 2021 for non-standard items and projects. Chapter IV discusses for the need for simplification of voluntary liquidation process for corporates and for institutionalising a standard process for Cross Border Insolvency Process. Similarly, chapter IX discusses the simplification of Drone rules and reforms in telecom sector, and the need for reforms in the patent application regime.

JEL Code : E02, E20, N1, O1, O4, R11

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I. Introduction

TWO YEARS INTO the COVID-19 pandemic, the global economy continues to be plagued by uncertainty, with resurgent waves of mutant variants, supply-chain disruptions, and a return of inflation in both advanced and emerging economies. Moreover, the likely withdrawal of liquidity by major central banks over the next year may also make global capital flows more volatile. In this context, it is important to evaluate both the pace of growth revival in India as well as the strength of macro-economic stability indicators. It is also essential to look at progress in vaccination as this is not just a health response but also a buffer against economic disruptions caused by repeated waves of the pandemic.

1 Reproduced from The Economic Survey 2021-22 tabled by the Honble Finance Minister before the Parliament of India on 31st January, 2022.

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The above projection is comparable with the World Bank's and Asian Development Bank's latest forecasts of real GDP growth of 8.7 per cent and 7.5 per cent respectively for 2022-23. As per the IMF's latest World Economic Outlook (WEO) growth projections released on 25th January, 2022, India's real GDP is projected to grow at 9 per cent in both 2021-22 and 2022-23 and at 7.1 per cent in 2023-24. This projects India as the fastest growing major economy in the world in all these three years (Table VIII).

References

Sitharaman, Nirmala, "*Union Budget 2022-23*", Ministry of Finance, Government of India, February 2022.

Sitharaman, Nirmala, "*Economic Survey 2021-22*", Ministry of Finance, Government of India, February 2022.

Annexure I
List of 80 High Frequency Indicators (HFIs)

1	10 year AAA Corporate Bond yield	48	Net Liquidity injections
2	10 year G-Sec yield	49	Net purchase (+)/sale (-) of US dollar
3	8-Core Industries Index	50	Nifty/Sensex
4	Aadhar-enabled payment system (AePS) transactions	51	Nominal Effective Exchange Rate (NEER)
5	ATM withdrawals	52	Non food credit
6	Average Daily Electronic Toll Collection (ETC)	53	Non oil exports
7	Average Retail price (Wheat, Rice, Tur, Sugar, Potato, Onions, Tomato, Groundnuts, Palm Oil, Eggs, Milk)	54	Non oil non gold imports
8	Baltic Dry Index	55	Number of Telecom subscribers
9	Bank credit	56	Purchasing Managers' Index Manufacturing
10	Capacity Utilisation	57	Purchasing Managers' Index Services
11	Capital Expenditure	58	Port Cargo Traffic
12	Cement production	59	Power Consumption
13	Commercial Papers (CP)	60	Primary Issuances
14	Corporate sector profits	61	Private placement of Corporate Bonds
15	Consumer Price Index	62	Rail Freight Traffic
16	Consumer Price Index Core	63	Rail Passenger Earnings
17	Consumer Price Index Food	64	Economic Survey 2021-22
18	Crude oil Indian basket	65	RBI's: Current Situation Index
19	Crudeprice Brent, Dubai, West Texas Intermediate	66	RBI's: Future Expectation Index
20	Currency in circulation	67	Real Effective Exchange Rate (REER)
21	Demat accounts	68	Real Estate Price Index-RBI
22	Domestic Auto sales	69	Total Retail financial transactions (NPCI)
23	Domestic Passenger vehicles sales	70	Sales of Two/Three wheelers
24	Domestic Tractor sales	71	Sector wise Nifty Index: Consumption, Fast Moving Consumer Goods, Infrastructure, Real Estate, Metal
25	Domestic air passenger traffic	72	Sectoral Bank credit
26	Employees' Provident Fund Organisation Net Subscribers outstanding	73	Steel consumption
27	E-way bills generated	74	Steel production
28	Exchange Rate	75	Total Mandi Arrivals (Wheat, Rice, Tur, Sugar, Potato, Onions, Tomato, Groundnuts, Palm Oil)
29	External Commercial Borrowings	76	Unified Payments Interface transactions
30	Fertilisers sales	77	US-Dow Jones Index
31	Forex reserves	78	Vehicle registrations
32	Fuel consumption	79	Weighted Average Interest Rate on fresh bank lending
33	Government Market Borrowings	80	Wholesale Price Index
34	Global PMI Composite		Yield spread across different maturities
35	Gross Foreign Direct Investment		
36	Gross tax revenue (Central Govt)		
37	Goods and Services Tax collections		
38	Housing Launches		
39	Housing sales		
40	Index of Industrial Production General Index, Consumer Durables, Consumer Non Durables		
41	Merchandise Exports/Imports		
42	MGNREGA work created		
43	MGNREGA work demanded		
44	Money supply		
45	Natural gas production		
46	Net FDI		
47	Net Foreign Portfolio Investment		