Economic Survey 2021-22

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INDIA'S EXTERNAL TRADE RECOVERS STRONGLY IN 2021-22

INDIA WELL ON TRACK TO ATTAIN THE AMBITIOUS MERCHANDISE EXPORT TARGET OF US$ 400 BILLION SET FOR 2021-22

EXPORT OF AGRICULTURE AND ALLIED PRODUCTS GREW BY 23.2%

ECONOMIC SURVEY STATES THAT STRONG CAPITAL FLOWS INTO INDIA LED TO RAPID ACCUMULATION OF FOREIGN EXCHANGE RESERVES

AS OF END NOVEMBER 2021, INDIA WAS THE FOURTH LARGEST FOREX RESERVES HOLDER IN THE WORLD

RESILIENCE OF INDIA'S EXTERNAL SECTOR DURING THE CURRENT YEAR AUGURS WELL FOR THE GROWTH REVIVAL IN THE ECONOMY

SURVEY STATES THAT INDIA'S EXTERNAL SECTOR IS FAR BETTER PREPARED TO FACE ANY EXTERNAL SHOCKS

New Delhi, 31st January, 2022

External trade recovered strongly in 2021-22 after the pandemic-induced slump of the previous year, with strong capital flows into India, leading to a rapid accumulation of foreign exchange reserves. The Economic Survey 2021-22, tabled in Parliament today by the Union Minister for Finance and Corporate affairs Smt. Nirmala Sitharaman says that the resilience of India's external sector during the current year augurs well for growth revival in the economy. It however cautions that the downside risks of global liquidity tightening and continued volatility of global commodity prices, high freight costs, coupled with the fresh resurgence of COVID-19 with the new variants may pose a challenge for India during 2022-23.

External trade performance:

The survey states that owing to the recovery of global demand coupled with revival in domestic activity, India's merchandise exports and imports rebounded strongly and surpassed pre-COVID levels during the current financial year. The revival in exports was also helped by timely initiatives taken by the Government. The USA followed by the UAE and China remained the top export destinations in April-November, 2021, while China, the UAE and the USA were the largest import sources for India. Despite weak tourism revenues, there was significant pickup in net services receipts during April-December, 2021 on account of robust software and business earnings, with both receipts and payments crossing the pre-pandemic levels.

The Economic Survey notes that the first half of the calendar 2021 witnessed an acceleration in the global economic activity that lifted the merchandise trade above its pre-pandemic peaks. It says that India's merchandise exports has followed the global trend and during April - December 2021 the merchandise exports grew by 49.7%, compared to corresponding period of last year and 26.5% over 2019-20 (April-December). The Survey mentions that India has already attained more than 75% of its ambitious export target of US$ 400 billion set for 2021-22, and is well on the track to achieve the target. It says that sharp recovery in key markets, increased consumer spending, pent up savings and disposable income due to announcement of fiscal stimulus by major economies, and an aggressive export push by the Government have bolstered exports in 2021-22. The rise in exports has been broad-based. India's agriculture exports continue to do well, with export of agriculture and allied products growing by 23.2% during April- November 2021 over the corresponding period of last year. The Survey recommends that a push in the direction of Free Trade Agreements would help provide the institutional arrangements for India's exports diversification.

On the issue of merchandise imports, the Economic Survey states that India witnessed revival in domestic demand resulting in strong import growth. Merchandise imports grew at the rate of 68.9% in April-December, 2021 over the corresponding period of last year and 21.9% over April-December 2019, crossing the pre-pandemic level. The Survey indicates that there has been increased diversification of India's import sources as reflected in the reduction of China's share to 15.5% from 17.7% in the April–November period. The Survey indicates that merchandise trade deficit has increased to US$ 142.4 billion in April-December 2021.

Trade in Services:

India has maintained its impressive performance in world services trade in the post-COVID-19 period, with services exports growing by 18.4% to US$ 177.7 billion during April-December 2021 for corresponding period of last year. The Survey says that the strong growth witnessed in services exports may also be attributed to key reforms undertaken by the Government. Services imports rose by 21.5% to US$ 103.3 billion in April-December 2021.

Current Account Balance:

The Economic Survey says that India's current account balance turned into deficit of 0.2 percent of GDP in the first half of 2021-22, largely led by deficit in trade account. Net capital flows were higher at US$ 65.6 billion in H1: 2021-22, on account of continued inflow of foreign investment, revival in net external commercial borrowings (ECBs), higher banking capital and additional special drawing rights (SDR) allocation. India's external debt rose to US$ 593.1 billion as at end September 2021, from US$ 556.8 billion a year earlier, reflecting additional SDR allocation by IMF, coupled with higher commercial borrowings.

Capital Account:

The Survey states that the net foreign investment inflows moderated to US$ 25.4 billion in the first half of the current financial year, compared to corresponding year of FY 2021. As per data available till November 2021, the net FDI and gross FDI inflows have moderated largely due to lower equity investment. The Survey states that Foreign Portfolio investment remains volatile due to global uncertainties.

BoP Balance and Foreign Exchange Reserves:

The Economic Survey mentions that the robust capital flows were sufficient to finance the modest current account deficit, resulting in an overall balance of payments (BoP) surplus of US$ 63.1 billion in H1 of 2021-22, that led to an augmented foreign exchange reserves crossing the milestone of US$ 600 billion and touched US$ 633.6 billion as of December 31, 2021. As of end November 2021, India was the fourth largest forex reserves holder in the world after China, Japan, and Switzerland.

On the issue of movement in exchange rate, the Economic Survey states that the rupee exhibited movements in both directions against the US$ during April-December 2021, yet it depreciated by 3.4% in December 2021 over March 2021. However the depreciation of rupee was modest as compared to its emerging market peers and it also appreciated against Euro, Japanese Yen and Pounds Sterling.

External Debt:

India's external debt stood at US$ 593.1 billion, as on end-September 2021 which was 3.9% more than end-June 2021 levels. The Survey states that India's external debt which crossed the pre-crisis level as at end-March 2021, consolidated further as at end-September 2021, aided by revival in NRI deposits and one-off additional SDR allocation by the IMF. The share of short term debt in total external debt fell marginally to 17% at end-September 2021 from 17.7% at end-March 2021. The Survey says that from a medium-term perspective, India's external debt continues to be below what is estimated to be optimal for an emerging market economy.

India's Resilience:

The Economic Survey mentions that a sizeable accretion in reserves led to an improvement in external vulnerability indicators such as foreign reserves to total external debt, short-term debt to foreign exchange reserves, etc. India's external sector is resilient to face any unwinding of the global liquidity arising out of the likelihood of faster normalization of monetary policy by systematically important central banks, including the Fed, in response to elevated inflationary pressures.

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Economic Survey 2021-22

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GEO-SPATIAL DATA AND CARTOGRAPHIC TECHNIQUES TO TRACK, COMPARE AND REPRESENT LONGER TERM DEVELOPMENTS : SURVEY

INFORMATION TO BE USED FROM SATELLITES, DRONES AND MOBILE PHONES ALONGSIDE IMPROVEMENT IN CARTOGRAPHIC TECHNOLOGY

GEOSPATIAL AND CARTOGRAPHIC DATA USED TO ANALYSE PHYSICAL AND FINANCIAL INFRASTRUCTURE DEVELOPMENT IN INDIA

METRO-RAIL NETWORK OF CITIES CAN BE USED FOR TRACKING ECONOMIC ACTIVITY AND DEVELOPMENT

ANNUAL WATER STORAGE CYCLE, POPULATION DENSITY, URBAN EXPANSION AND WASTELAND REDEPLOYMENT ALSO COMPARED IN THE SURVEY

New Delhi, 31st January, 2022

The usage of new forms of data and information for tracking the economic activity and development is an important theme this year. The Economic Survey for FY 2021-22, tabled in the Parliament today by Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, lays emphasis on this approach and mentions that geo-spatial data and cartographic techniques can be used to **track**, **compare** and **represent** longer term developments.

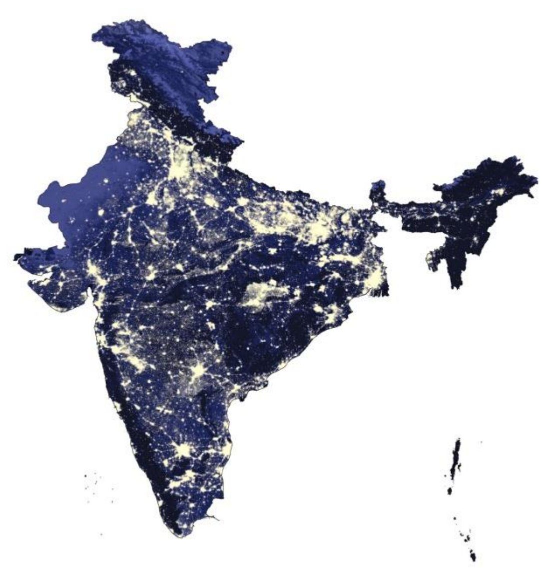
The Survey highlights the importance of Geospatial maps in **visualizing data** to better **understand trends**, **relationships** and **patterns**. The availability of plethora of information from satellites, drones, mobile phones and other sources alongside a dramatic improvement in cartographic technology allows a better use of this data set for public good..

The Economic Survey illustrates some of the interesting ways of depicting Geo-spatial data:

1. **Comparison of Night-time luminosity data between 2012 and 2021**

   It provides an interesting representation of the **expansion of electricity supply**, the geographical **distribution** of **population** and **economic** activity, **urban expansion** as well as growth of **ribbon developments** between urban hubs.

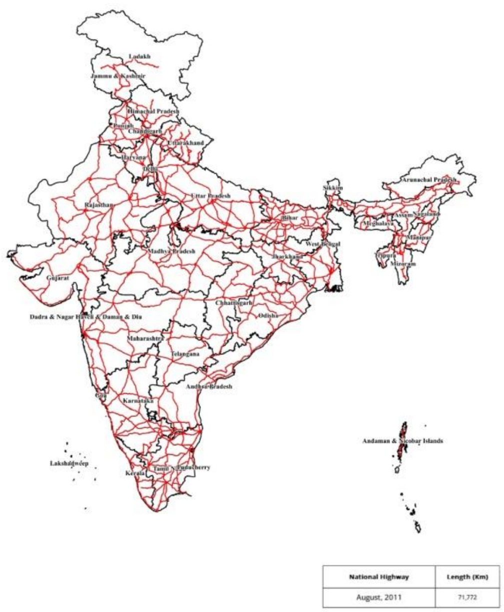
India Night-time Luminosity 2012



India Night-time Luminosity 2021

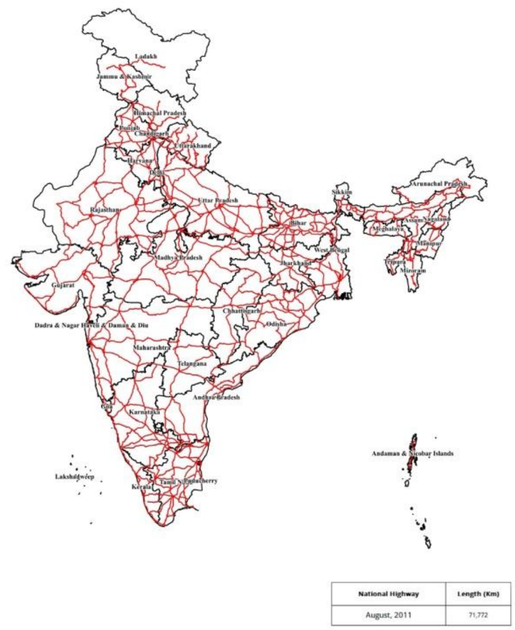
2. Expansion of National Highways

India's National Highway Network has grown from **71,772 Km** in August 2011 to **1,40,152 Km** August 2021.



India's National Highway Network

(As of August 2011)

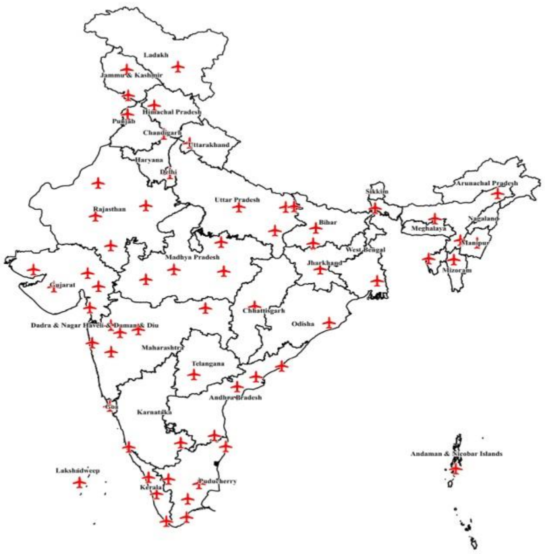


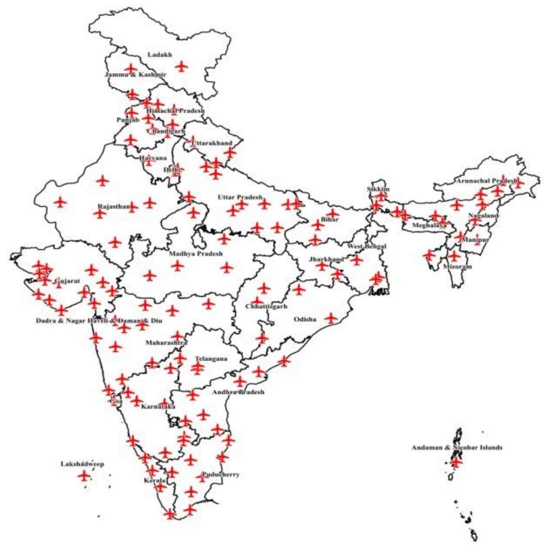
India's National Highway Network

(As of August 2021)

3. Comparison of Number of Operationalised Airports in India between 2016 and 2021

The number of Operationalised Airports (Pre-UDAN) has grown from **62** (As of **Nov. 2016**) to **130** by **December 2021**.



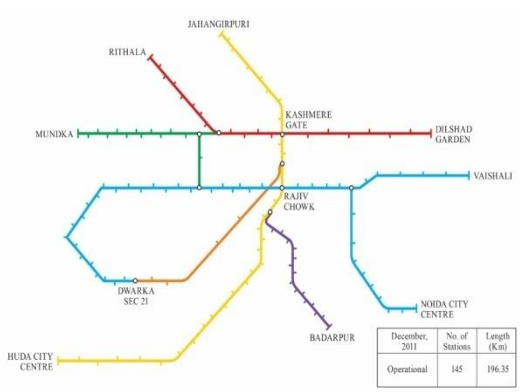


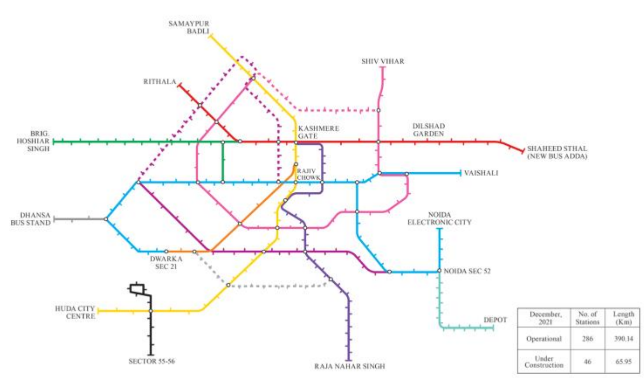
Number of Operationalised Airports (As of Nov. 2016) **Number of Operationalised Airports (As of Dec. 2021)**

4. **Comparison of Metro-rail network between 2011 and 2021**

The Survey studies the **Metro-rail Network** of various cities and makes a case for the usage of data for **tracking** economic activity and development.

- **Delhi Metro-rail network between 2011 and 2021**



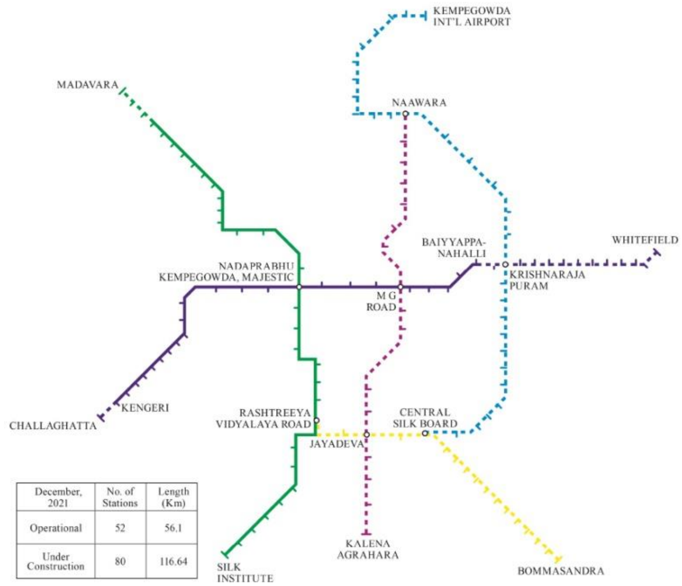


Delhi Metro-rail Network 2011 **Delhi Metro-rail Network 2021**

The **Delhi Metro-rail Network** has grown from **145 operational Stations** with a **length** of **196.35 Km (As of Dec. 2011) to 286 operational stations** and a **length** of **390.14 Km (As of Dec. 2021)**

- **Bangalore Metro-rail network between 2011 and 2021**

December, 2011	No. of Stations	Length (Km)
Operational	6	6.7



December, 2021	No. of Stations	Length (Km)
Operational	52	56.1
Under Construction	80	116.64

Bangalore Metro-rail Network 2011 **Bangalore Metro-rail Network 2021**

The **Bangalore Metro-rail Network** has also grown from just **6** stations being **operational** with a **length** of **6.7 km (As of Dec. 2011)** to **52 operational** stations with a **length** of **56.2 km (As of Dec. 2021)**

The Economic Survey has also presented the data/information using the satellite imaging for **Annual water storage, Population densities** of various cities, **Kharif Crop Cycle** and **Wasteland redeployment** among others to focus on the theme of using "*new forms of data and information for **tracking economic activity** and **development***."

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Economic Survey 2021-2022

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SERVICES CONTRIBUTED OVER 50% TO GDP

SECTOR WITNESSED 10.8% GROWTH DURING FIRST HALF OF 2021-22

8.2 % GROWTH EXPECTED IN OVERALL SERVICES SECTOR

FDI INFLOW OF $ 16.73 BILLION RECEIVED IN FIRST HALF (H1) OF 2021-22

22.8% INCREASE IN NET EXPORTS OF SERVICES IN H1 2021-22

IT-BPM REVENUES REACHED $ 194 BILLION, GROWING BY 2.26% IN 2020-21

RECORD 44 STARTUPS REACHED UNICORN STATUS IN 2021

TOTAL CARGO CAPACITY INCREASED TO 1,246.86 MTPA IN 2021 FROM 1052.23 MTPA IN 2014

VARIOUS REFORMS UNDERTAKEN IN SPACE SECTOR TO PROMOTE PRIVATE SECTOR PARTICIPATION

New Delhi, 31st January, 2022

Services Sector contributed over 50% to India's GDP, highlighted the Economic Survey 2021-22 which was tabled by the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman in Parliament today. The Survey also noted that Services Sector registered a steady recovery during the first half of the current fiscal year. *"Overall, the Services Sector grew by 10.8% Year on Year (YoY) in first half (H1) 2021-22",* stated the Survey.

The overall Services sector GVA is expected to grow by 8.2 per cent in 2021-22, although the spread of Omicron variant brings in a degree of uncertainty for near term, especially in segments that require human contact, the Survey emphasised.


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ECONOMIC SURVEY 2021-22
SERVICE SECTOR GROWTH
WORKHARD ANYWHERE
Growth Rate of GVA at Basic Prices in per cent
7.2
7.2
-8.4
8.2
2018-'19
2019-'20 (1st Revised Estimates)
2020-'21 (Provisional Estimates)
2021-'22 (1st Advance Estimates)
@PIB_India @PIBHindi @pibindia @pibindia PIBIndia @PIB_India @PIBHindi @PIBIndia
KBK

FDI In Services

The Economic Survey noted that the Services Sector was the largest recipient of FDI inflows in India. During H1 2021-22, Services Sector received $ 16.73 billion FDI equity inflows. *"Financial, Business, Outsourcing, R&D, Courier, Tech testing & Analysis along with Education sub sector witnessed strong FDI inflows"*, mentioned the Survey.

Trade In Services

The Economic Survey highlighted that India had a dominant presence in global services exports. It remained among the top ten services exporter countries in 2020, with its share in world commercial services exports increasing to 4.1% in 2020 from 3.4% in 2019. *"The impact of Covid-19 induced global lockdown on India's services exports was less severe as compared to merchandise exports",* stated the Economic Survey. The Survey further mentioned that despite Covid-19 impact on transport exports, double digit growth in gross exports of services, aided by exports of software, business and transportation services, resulted in an increase of 22.8% in net exports of services in H1 2021-22.

Sub-Sector Wise Performance

IT-BPM (Information technology - Business Process Management) Sector

The Economic Survey described IT-BPM sector as a major segment of India's services. During 2020-21, according to NASSCOM's provisional estimates, IT-BPM revenues (excluding e-commerce) reached $ 194 billion, growing by 2.26% YoY, adding 1.38 lakh employees. The Survey further noted that within the IT-BPM sector, IT services constitutes the majority share (>51%). The Economic Survey observed that over the last year, a number of policy initiatives have been undertaken to drive innovation and technology adoption in the sector, including relaxation of Other Services Provider regulations, Telecom Sector Reforms and Consumer Protection (e-commerce) Rules, 2020. *"This would significantly expand access to talent, increase job creation and catapult the sector to the next level of growth and innovation",* suggested the Survey.

Startups and Patents

The Economic Survey mentioned that Startups in India had grown remarkably over the last six years, most of which belonged to Services Sector. More than 61,400 startups have been recognized in India as of January 10, 2022. Further, the Survey stated that India had a record number of Startups (44) reaching unicorn status in 2021. The Economic Survey also mentioned that intellectual property, specifically patents were key to knowledge-based economy. *"The number of patents filed in India has gone up to 58,502 in 2020-21 from 39,400 in 2010-11 and the patents granted in India has gone up to 28,391 from 7,509 during the same period",* noted the Survey.

Tourism Sector

The Economic Survey stated that tourism sector was a major contributor to GDP growth, foreign exchange earnings and employment, however, the Covid-19 pandemic had a debilitating impact on world travel and tourism everywhere, including India. Further, the Survey suggested that the resumption of International tourism will continue to depend largely on a coordinated response among countries in terms of travel restrictions, harmonized safety and hygiene protocols and effective communication to help restore consumer confidence. The Survey stated that special international flights have been operating under the Vande Bharat Mission which was currently in its 15th phase and had carried over 63.55 lakh passengers.

Ports, Shipping and Waterways Services

The Economic Survey observed that the development of ports was crucial for the economy. Ports handled around 90% of export-import cargo by volume and 70% by the value. The Survey stated that the total cargo capacity of all ports had increased to 1,246.86 Million Tonnes Per Annum (MTPA) as of March 2021 from 1052.23 MTPA in March 2014. Also, the Port traffic had picked up in 2021-22 registering a growth of 10.16% during April-November 2021, after hit by disruptions caused by Covid-19 in 2020-21. The Survey also mentioned the Sagarmala Programme, a flagship programme, aimed at promoting port-led development in the country with 802 projects worth Rs. 5.53 lakh crore under its ambit.

Space Sector

The Economic Survey highlighted that since its inception in the 1960s, the Indian space program has grown drastically. Capabilities have been developed in the space sector across all domains including indigenous space transportation systems, space assets comprising of fleet of satellites catering to various needs of the society. The Survey noted that the Government undertook various reforms in space sector in 2020, envisaging participation of the private sector in providing space-based services. These reforms included empowering New Space India Limited (NSIL) and changing the present supply-based model to demand-driven model; creating an independent nodal agency i.e. Indian National Space Promotion and Authorization Centre (IN-SPACe) under the Department of Space; and providing a predictable, forward-looking, well defined and enabling regulatory regime for space activities in the country.

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Economic Survey 2021-22

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WITH REVIVAL OF ECONOMY, EMPLOYMENT INDICATORS BOUNCED BACK TO PRE-PANDEMIC LEVELS DURING LAST QUARTER OF 2020-21

MONTHLY NET ADDITION IN EPF SUBSCRIPTIONS DURING 2021 SURPASS LEVELS OF CORRESPONDING MONTHS OF PRE-PANDEMIC YEAR 2019

DEMAND FOR MGNREGS WORK STABILIZES AFTER SECOND COVID SURGE BUT REMAINS HIGHER THAN PRE-PANDEMIC LEVEL

3 TIMES MORE ADDITIONAL WORKFORCE CREATED BETWEEN 2018-19 & 2019-20 AS COMPARED TO THE PREVIOUS PERIOD (2017-18 & 2018-19)

FEMALE WORKFORCE CONTRIBUTED TO 63 PERCENT OF ADDITIONAL WORKFORCE CREATED DURING 2018-19 AND 2019-20

New Delhi, 31st January, 2022

The various indicators of employment have bounced back remarkably, after showing a decline during the first quarter of 2020-21, during the nationwide lockdown due to Covid pandemic. The Economic Survey 2021-22 which was tabled in the Parliament today by the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman has analysed trends in labour market and the impact of Covid-19 on employment.

Trends in Urban Labour Market:

The Survey states that with the revival of the economy, the Unemployment Rate (UR), the Labour Force Participation Rate (LFPR) and the Worker Population Rate (WPR) almost reached their pre-pandemic levels during the last quarter of 2020-21 as per Periodic Labour Force Survey Data.

Azadi Ka Amrit Mahotsav

ECONOMIC SURVEY 2021-22

SOCIAL INFRASTRUCTURE & EMPLOYMENT

Expenditure on Social Services by Centre & States Increased from **6.2% of GDP (2014-15)** to **8.6% of GDP (2021-22 BE)**

- Swift recovery in labour market indicators
- Recovery in employment in urban sector to pre-pandemic level *(Source: Periodic Labour Force Survey)*
- Jobs formalisation continued during second Covid wave *(Source: EPFO)*
- Increase in allocation of funds to MGNREGS
- Improvement in social indicators such as total fertility rate, sex ratio, etc. *(Source: National Family Health Survey -5)*

The Economic Survey also analyses trends in urban employment using Employees Provident Funds Organization (EPFO) payroll data. An analysis of the EPFO data suggests significant acceleration in formalization of the job market, during 2021. In fact, in November, 2021, the monthly net additional EPF subscription peaked with 13.95 lakh new subscribers, the highest in any given month since 2017, the Survey states. This translates into growth of 109.21 percent in EPF subscription from November, 2020. The Economic Survey further states that the monthly net addition in EPF subscriptions during 2021 has not only been higher than the corresponding monthly values in 2020 but they have also surpassed the levels of the corresponding months during pre-pandemic year 2019.

Trends in Rural Labour Market:

Economic Survey 2021-22 analyses trends in Rural Labour Market with the help of latest data on demand for work under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

The Survey observes that the MGNREGS employment peaked during the nationwide lockdown in 2020. However an interesting trend was observed for many migrant source states like West Bengal, Madhya Pradesh, Odisha, Bihar, in which the MGNREGS employment in most months of 2021 has been lower than the corresponding level in 2020. In contrast, the demand for MGNREGS employment has been higher for migrant recipient states like Punjab, Maharashtra, Karnataka and Tamil Nadu for most months in 2021 over 2020.

Giving further details, the Economic Survey points out that the demand for MGNREGS work has stabilized after the second Covid wave. It further states that the aggregate MGNREGS employment is still higher than pre-pandemic level. During the second Covid wave, demand for MGNREGS employment reached the maximum level of 4.59 crore persons in June 2021.

Long Term Trends in Employment using Annual PLFS Data:

During PLFS 2019-20 (survey period from July 2019 to June 2020), employment at usual status continued to expand. Between 2018-19 and 2019-20, about 4.75 crore additional persons joined the workforce. This is about three times more than the employment created between 2017-18 and 2018-19. The rural sector contributed much more to this expansion relative to the urban sector (3.45 crore in rural sector and 1.30 crore in urban sector). Further, amongst the additional workers, 2.99 crore were females (63 percent). About 65 percent of the additional workers joined in 2019-20 were self employed. About 75 percent of the female workers who joined as self-employed were ‘unpaid family labour’. About 18 percent of the additional workers were Casual Labourer and 17 percent were ‘Regular Wage/Salaried Employee’. Further, the number of unemployed persons in 2019-20 has also decreased by 23 lakhs, constituted largely by males from the rural sector.

With respect to industry wise employment in India, of the workers added in 2019-20, more than 71 percent were in agricultural sector. Among the new workers in the agriculture sector, females account for about 65 percent. Trade, hotel and restaurant sector accounted for a little over 22 percent of the new workers, in line with previous year's trend where the sector represented more than 28 percent of the new workers. The share of manufacturing has declined from 5.65 percent of new workers added in 2018-19 to about 2.41 percent of new workers added in 2019-20, and so has that of construction from 26.26 percent to 7.36 percent.

Important Policy Measures to boost livelihoods:

The Economic Survey has highlighted several policy responses to boost livelihoods. These include Aatmanirbhar Bharat Rojgaar Yojana which was announced as a part of Aatmanirbhar 3.0 package to boost the economy, increase the employment generation in post Covid recovery phase and to incentivise creation of new employment alongwith the social security benefits and restoration of loss of employment during Covid-19 pandemic.

To boost employment and livelihood for returnee migrant workers, Garib Kalyan Rojgar Abhiyan was launched in June 2020. It focused on 25 target driven works to provide employment and create infrastructure in the rural areas of 116 districts 6 states with resource envelope of Rs.50,000 Crore.

Similarly, allocation to MGNREGS in FY 2021-22 increased to Rs. 73,000 crore, from Rs. 61,500 crore in FY 2020-21. Allocation for FY 2021-22 has been enhanced to Rs.98000 crore so far. In FY 2021-22 over 8.70 crore individuals and 6.10 crore households were provided work so far.

The Survey also highlights several other social protection measures which have been stepped up like Pradhan Mantri Shramyogi Mandhan (PM-SYM) Yojana, National Pension Scheme for traders/shopkeepers/self employed persons, e-SHRAM portal to facilitate delivery of Social Security Schemes to workers and Labour Reforms for welfare of labour.

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ECONOMIC SURVEY HIGHLIGHTS AGILE AND MULTI-PRONGED APPROACH ADOPTED BY INDIA TO COMBAT COVID-19

COVID VACCINES EMERGED BEST SHIELD AGAINST THE DISEASE TO SAVE LIVES AND SUSTAINED LIVELIHOOD, NOTES ECONOMIC SURVEY

"VACCINATION SHOULD BE TREATED AS A MACRO-ECONOMIC INDICATOR"

HEALTH EXPENDITURE SEES RISE OF NEARLY 73%, FROM Rs. 2.73 LAKH CRORE IN 2019-20 (PRE-COVID 19) TO Rs. 4.72 LAKH CRORE IN 2021-22 (BE)

CENTRAL AND STATE GOVERNMENTS' BUDGETED EXPENDITURE ON HEALTH SECTOR REACHES 2.1% OF GDP IN 2021-22, AGAINST 1.3% IN 2019-20

NFHS-5 SHOWS ENCOURAGING OUTCOMES OF GOVERNMENT PROGRAMMES IN HEALTH AND OTHER SOCIAL SECTORS

New Delhi, 31st January, 2022

During the last two years, as India along with rest of the world faced the onslaught of the pandemic, Union Government's key focus remained on providing a safety-net to the vulnerable segments of society as well as providing a coherent response to the health consequences of the pandemic, says the Economic Survey. The Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman tabled the Economic Survey 2021-22 in Parliament today.

The Economic Survey also highlights the 'agile framework' of policy noting that in "an uncertain environment, the agile framework responds by a assessing outcomes in short alternations and constantly adjusting incrementally" as "the flexibility of agile improves responsiveness and aids evolution, but it does not attempt to predict future outcomes". The response of the Union Government to the global COVID19 pandemic has been agile, strategic and pre-emptive.

India's Health Response to COVID-19:

The Economic Survey states that India, the country with the second largest population and a large elderly population, adopted a multipronged approach to COVID19 response and management. These included:

i. Restrictions/partial lockdowns
ii. Building capacity in health infrastructure
iii. COVID-19 appropriate behavior, testing, tracing, treatment, and
iv. Vaccination drive

Measures were taken to break the chain of transmission in terms of containment and buffer zones; perimeter control; contact tracing; isolation and testing of suspect cases and high risk contacts, and creation of quarantine facilities. Preventive strategy changed in response to the changing situation based on real-time data and evidence. Testing facility in the country has increased exponentially. Tests for COVID-19 were made free in all Government Centers. Rapid Antigen Test Kits for faster screening were introduced. Manufacturing capacity of N-95 masks, ventilators, personal protective equipment kits, sanitizers were ramped up in a mission mode. The Survey also highlights the massive infrastructure created for isolation beds, dedicated intensive care unit beds, and supply of medical oxygen. To meet the exponential rise in medical oxygen demand during second COVID surge, the Government engaged even Railways, Air force, Navy and Industry to work with 'whole of government' approach.

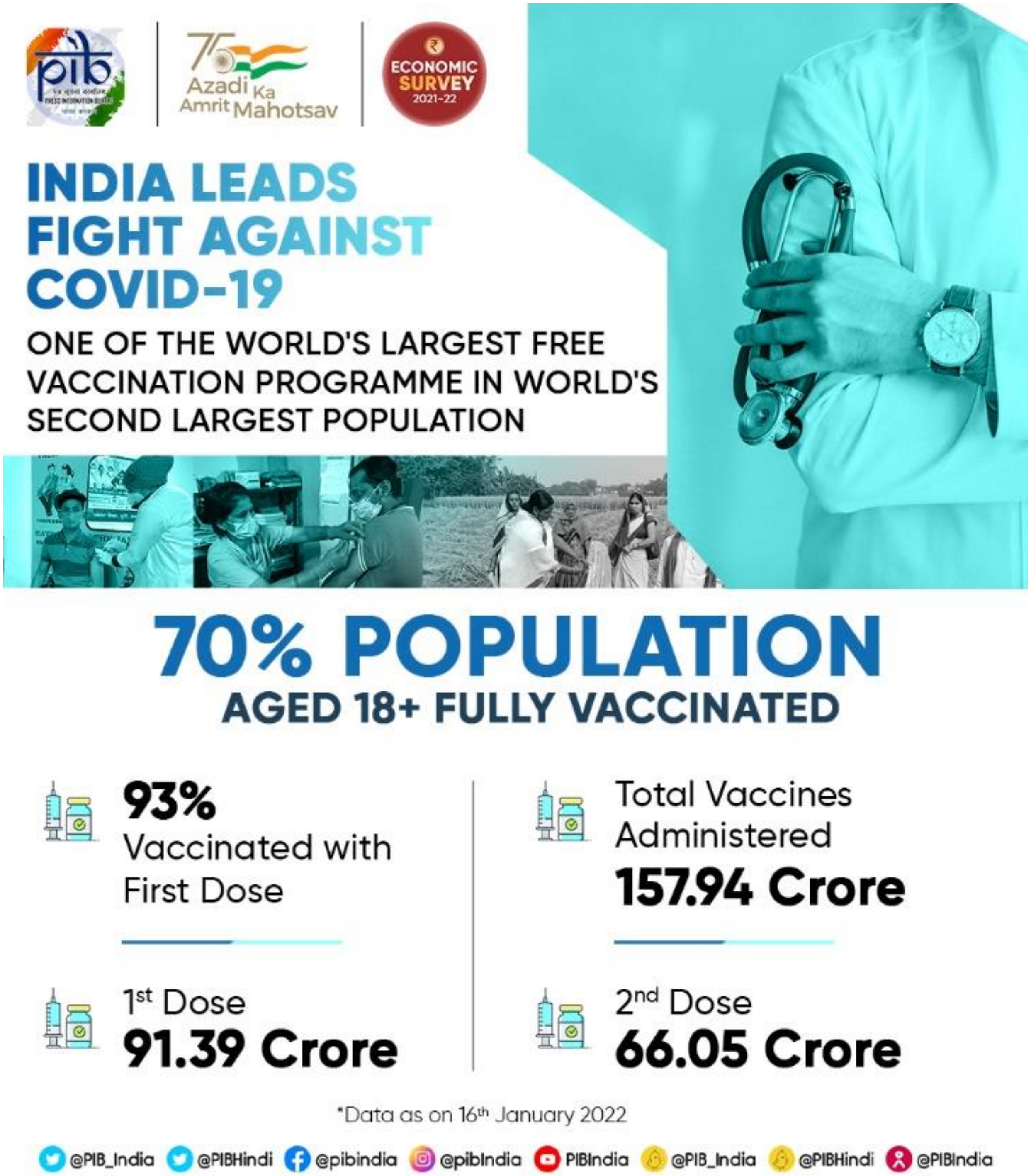
In fight against the corona virus, COVID vaccines emerged as the best shield against the disease to save lives and sustained livelihood.

COVID Vaccination Strategy:

The Economic Survey highlights that vaccination is not merely a health response but is critical for opening up the economy, particularly contact-intensive services. Therefore, it should be treated for now as a macro-economic indicator.

"The Liberalized Pricing and Accelerated, National COVID-19 Vaccination Strategy", was implemented from 1st May to 20th June, 2021, observes the Survey. From 3rd January, 2022, COVID-19 vaccine coverage has been extended to age group of 15-18 years. Further, from 10th January, 2022, Health Care Workers, Frontline Workers and persons aged more than 60 years with co-morbidities have been made eligible to receive a precaution dose of COVID-19 vaccine, on completion of 9 months or 39 weeks from the date of administration of second dose.

The Economic Survey notes that Indian National COVID Vaccination Program, one of the world's largest vaccination programs, has not only supported production of COVID-vaccines domestically, but it has also ensured free vaccines to its population, world's second largest population. Union Budget for 2021-22 allocated Rs. 35,000 crore for procurement of vaccines under the nationwide COVID-19 Vaccination Program. From 16th January, 2021 till 16th January, 2022, a total of 156.76 crore doses of COVID-19 vaccines have been administered, 90.75 crore first dose and 65.58 crore second dose. Vaccination at this scale and speed has enabled swift revival of livelihoods, the Survey underscores.



The Survey highlights that India is among the few countries producing COVID vaccines. The country started with two made in India COVID vaccines. In line with India's vision of Atmanirbhar Bharat, India's first domestic COVID-19 vaccine, Whole Virion Inactivated Corona Virus Vaccine (COVAXIN), was developed and manufactured by Bharat Biotech International Limited in collaboration with National Institute of Virology of Indian Counsel of Medical Research (ICMR). The ICMR funded the clinical trials of COVISHIELD vaccine developed in collaboration with Oxford-AstraZeneca. COVISHIELD and COVAXIN have been widely used vaccines in India. Every month about 250-275 million doses of COVISHIELD and 50-60 million doses of COVAXIN have been produced.

Making it a technology driven vaccination program, Arogya Setu mobile app was launched to enable people to assess themselves the risk of their catching the COVID-19 infection. Co-WIN 2.0 (along with e-VIN), a unique digital platform, supported the real time vaccination activities viz. registration for vaccine, tracking COVID-19 vaccine status of every beneficiary, stocks of vaccine, storage, actual vaccination process, and generation of digital certificates, observes the Economic Survey.

Health Sector Expenditure:

The Economic Survey mentions that although the pandemic has affected almost all social services, yet the health sector was the worst hit. Expenditure on health sector increased from Rs. 2.73 lakh crore in 2019-20 (pre-COVID -19) to Rs, 4.72 lakh crore in 2021-22 (BE), an increase of nearly 73%.

The Survey further states that in addition to the National Health Mission, Union Budget 2021-22, announced Ayushman Bharat Health Infrastructure Mission, a new Centrally Sponsored Scheme, with an outlay of about Rs. 64,180 crore in next five years to develop capacities of primary, secondary and tertiary Health Care Systems, strengthen existing national institutions, and create new institutions to cater to detection and cure of new and emerging diseases. Besides, Union Budget 2021-22 provided an outlay of Rs. 35,000 crore towards COVID-19 vaccination.

The National Health Policy, 2017 envisaged to increase Government's health expenditure to 2.5% of GDP by 2025, reiterates the Economic Survey. It says that in keeping with this objective, Central and State Government's Budgeted expenditure on health sector reached 2.1% of GDP in 2021-22, against 1.3% in 2019-20.

National Family Health Survey-5 (NFHS-5):

As per latest the NFHS-5, social indicators such as Total Fertility Rate (TFR), Sex Ratio and health outcome indicators viz. Infant Mortality Rate, under-Five mortality rate, institutional birth rate have improved over year 2015-16, observes the Economic Survey. According the Survey, NFHS-5 shows that not only services are reaching to the public, but the intended outcomes have also improved.

All child nutrition indicators have also improved at the all India level. Under-Five Mortality Rate (U5MR) has declined from 49.7 in 2015-16 to 41.9 in 2019-21. IMR has declined from 40.7 per 1000 live births in 2015-16 to 35.2 per 1000 live births in 2019-21. Stunting has declined from 38% in 2015-16 to 36% in 2019-21. Wasting has also declined from 21% in 2015-16 to 19% in 2019-21. And, underweight declined from 36% in 2015-16 to 32% in 2019-21.

Latest NFHS-5 shows that TFR, an average number of children per women, has further come down to 2.0 in 2019-21 from 2.2 in 2015-16. The Survey highlights that the TFR has even come down below the replacement level of fertility (2.1 children per women) in the country.

The Sex Ratio, number of females per 1000 males, in the total population has risen from 991 females in 2015-16 (NFHS-4) to 1020 in 2019-20 (NFHS-5). More importantly, the sex ratio and birth female children per 1000 male children born in the last five years, has grown from 919 in 2015-16 to 929 in 2019-21.

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Economic Survey 2021-22

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GOVERNMENT'S SPENDING ON SOCIAL SERVICES INCREASES SIGNIFICANTLY DURING THE PANDEMIC

BE 2021-22 SHOWS AN INCREASE OF 9.8% IN GOVERNMENT'S SOCIAL SERVICES SECTOR ALLOCATION

HEALTH EXPENDITURE ALLOCATION IN 2021-22 RISES BY 73%; EDUCATION BY 20%

MORE THAN 8 LAKH SCHOOLS PROVIDED TAP WATER SUPPLY AS ON 19.01.2022 UNDER JAL JEEVAN MISSION

DECLINE IN DROP-OUT RATES AT PRIMARY, UPPER PRIMARY AND SECONDARY LEVELS IN 2019-20

26.45 CRORE CHILDREN ENROLLED IN SCHOOLS IN 2019-20; REVERSAL IN TREND OF DECLINING GROSS ENROLLEMNT RATIO IN PREVIOUS YEARS

SHIFT OF CHILDREN IN RURAL AREAS FROM PRIVATE TO GOVERNMENT SCHOOLS SAYS 'ANNUAL STATUS OF EDUCATION REPORT 2021'

New Delhi, 31st January, 2022

The government's spending on Social Services increased significantly during the pandemic states the Economic Survey 2021-22. The Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman presented the Economic Survey 2021-22 in the Parliament here today. An increase of 9.8% has been made in the expenditure allocation to the Social Services sector in 2021-22 over 2020-21.

Social Sector Expenditure

The Survey states that the Centre and the State governments earmarked an aggregate of Rs. 71.61 lakh crore for spending on social service sector in (BE) 2021-22. Last years' (2020-21) revised expenditure has also gone up by Rs. 54,000 crore from the budgeted amount. The Economic Survey further elaborates that in 2021-22(BE), funds to the sector increased to 8.6% of Gross Domestic Product (GDP), as compared to 8.3% of GDP in 2020-21 (RE). During the last five years, Social Services accounted for about 25% of the total Government expenditure. In 2021-22 (BE), it was 26.6%.

The Economic Survey also notes that expenditure on health sector increased from Rs. 2.73 lakh crore in 2019-20 to Rs. 4.72 lakh crore in 2021-22 (BE), an increase of nearly 73%. For the education sector, increase during the same period was 20%, says the Survey.

Education

An assessment for the pre pandemic year 2019-20 for which data is available reveals that the number of recognized schools and colleges continues to increase between 2018-19 and 2019-20, except for primary and upper primary school, the Survey states. Priority to drinking water and sanitation in schools under the Jal Jeevan Mission, Swatchh Bharat Mission as well as under Samagra Sikhsha Scheme have been instrumental in providing required resources and creating assets in schools, notes the Economic Survey. As on 19.01.2022, under Jal Jeevan Mission 8,39,443 schools were provided tap water supply. Further, availability of teachers has improved at all levels continuously from 2012-13 to 2019-20.

The Survey observes that the year 2019-20 also saw a decline in drop-out rates at primary, upper primary and secondary levels. In 2019-20, school dropout rate at primary level declined to 1.45% from 4.45% in 2018-19. The decline is both for boys and girls. The decline has also reversed the trends of increasing drop-out rates during the previous two years.

The Economic Survey further states that the year 2019-20 saw an improvement in Gross Enrolment Ratio (GER) at all levels and improvement in gender parity. In 2019-20, 26.45 crore children were enrolled in schools. This has helped to reverse the declining trend of GER between 2016-17 and 2018-19. During the year schools enrolled about 42 lakh additional children out of which 26 lakhs were in primary to higher secondary levels and 16 lakhs were in pre-primary as per Unified District Information System for Education Plus (UDISF+).

Gross enrolment ratio in higher education recorded at 27.1% in 2019-20, slightly higher from 26.3% in 2018-19. The Economic Survey states that the Government has taken multiple initiatives at revolutionizing the higher education eco-system such as amendment to National Apprenticeship Training Scheme, Academic Bank of Credit, e PGPathshala, Unnat Bharat Abhiyan and scholarship for weaker sections.

The pandemic has had a significant impact on education system affecting lakhs of schools and colleges across India notes the Survey. The Survey observes that it is difficult to gauge the real time impact of repeated lockdown on education sector because the latest available comprehensive official data dates back to 2019-20. It refers to the Annual Status of Education Report (ASER) 2021 which has assessed the impact during the pandemic for education sector in rural areas. ASER found that despite the pandemic enrolment in age cohort of 15 to 16 years continue to improve as number of 'not enrolled' children in this age group declined from 12.1 % in 2018 to 6.6 % in 2021. However, ASER report also found that during pandemic, children (age 6-14 years) 'not currently enrolled in schools' increased from 2.5 % in 2018 to 4.6 % in 2021. To identify out of school children, their mainstreaming, and research sharing, the Government has shared the Covid-19 action plan with States and UTs observes the Survey.

The ASER report also found that during pandemic children in rural areas have moved out of Private to Government schools in all age groups. Possible reasons suggested for the shift are: shut down of low cost private schools, financial distress of parents, free facilities in Government schools and families migrating back to villages. In July 2020, the Government has issued guidelines for mainstreaming of children of migrant labourers, allowing for their smooth admissions into schools without asking for any document other than identity notes the Survey.

Although the availability of smart phones has increased from 36.5% in 2018 to 67.6 % in 2021, the ASER report states that students in lower grade found it difficult to do online activities compared to higher grade students. Non availability of smart phones for child to use and network of connectivity issues where the challenges faced by children. However almost all enrolled children have been provided textbooks for their current grade (91.9%). This proportion has increased over the last year, for children enrolled in both government and private schools.

The Economic Survey observes that steps have been taken by the Government to minimize the adverse impact of the pandemic on the education system to address the concern raised through private studies undertaken during the pandemic period. Government took measures such as distribution of text books at home, telephonic guidance by teachers, online and digital content through TV and Radio, TARA interactive chatbot, activity based learning through the Alternative Academic Calendar released by National Council of Education Research and Training etc. Other major initiatives for students during the Covid-19 pandemic include, PM e-Vidya, National Digital Education Architecture, NIPUN Bharat Mission etc, notes the Survey.

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Economic Survey 2021-22

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MORE THAN 5.5 CRORE HOUSEHOLDS PROVIDED TAP WATER SUPPLY SINCE START OF THE JAL JEEVAN MISSION IN 2019

83 DISTRICTS IN THE COUNTRY ACHIEVED THE '100 PERCENT HOUSEHOLDS WITH TAP WATER SUPPLY' STATUS

MORE THAN 10.86 CRORE TOILETS BUILT IN RURAL INDIA UNDER SWACHH BHARAT MISSION (GRAMEEN)

HOUSEHOLD POPULATION USING AN IMPROVED SANITATION FACILITY HAS INCREASED FROM 48.5 PERCENT IN 2015-16 TO 70.2 PERCENT IN 2019-21 AS PER NATIONAL FAMILY HEALTH SURVEY-5

New Delhi, 31st January, 2022

More than 5.5 crore households have been provided with tap water supply since the start of the Jal Jeevan Mission (JJM) in August, 2019. The Economic Survey 2021-22 presented in the Parliament today by Minister of Finance and Corporate Affairs, Smt Nirmala Sitharaman states that the JJM seeks to provide adequate safe drinking water through individual household tap connection to households in rural India by 2024 and will benefit more than 19 crore rural families or more than 90 crore rural population.

Giving details, the Survey observes that in 2019, out of about 18.93 crore families in rural areas, about 3.23 crore (17 percent) rural families had tap water connections in their homes. As on 2nd January, 2022, 5,51,93,885 houlseholds have been provided with tap water supply since the start of the mission. Six States/UTs have achieved the coveted status of 100 percent households with tap water supply, namely Goa, Telangana, A & N Islands, Puducherry, Dadra and Nagar Haveli and Daman and Diu and Haryana. Equivalently, 83 districts, 1016 blocks, 62,749 panchayats and 1,28,893 villages have achieved the 100 percent households with tap water supply status. As on 19.01.2022, under Jal Jeevan Mission, 8,39,443 schools were provided water supply.

Under the JJM, priority is for quality affected areas, villages in drought prone and desert areas, Sansad Adarsh Gram Yojana (SAGY) villages, to provide functional tap connection to Schools, Anganwadi Centres, GP Buildings, Health Centre, wellness centres and community buildings. Total outlay for the mission is Rs.3.60 lakh crores.

The JJM will employ technological interventions for transparency and accountability (i) IMIS to capture physical and financial progress; (ii) 'Dashboard'; (iii) 'Mobile App'; (iv) Sensor-based IoT solution for measurement and monitoring water supply for quantity, quality and regularity in villages on real time basis; (v) geo-tagging every asset created; (vi) Linkage of tap connection with Aadhar number; (vii) transaction through Public Finance Management System (PFMS).

Swachh Bharat Mission (Grameen) [SBM-G]:

Rural sanitation has made tremendous progress under SBM-G since its inception on 2nd October, 2014. Since inception till 28.12.2021, more than 10.86 crore toilets have been built in rural India.

Open Defecation Free (ODF) Plus under Phase II of SBM (G) is being implemented from 2020-21 to 2024-25 with a goal of making all the villages Open Defecation Free. During 2021-22 (as on 25.10.2021) a total of 7.16 lakh Individual household latrines for new emerging households and 19,061 Community Sanitary Complexes have been constructed. Also 2,194 villages have been declared as ODF Plus.

As per the recently released finding of the fifth round of the National Family Health Survey, 2019-21 (NFHS-5), population living in households that use an improved sanitation facility has increased from 48.5 percent in 2015-16 to 70.2 percent in 2019-21.

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Economic Survey 2021-22

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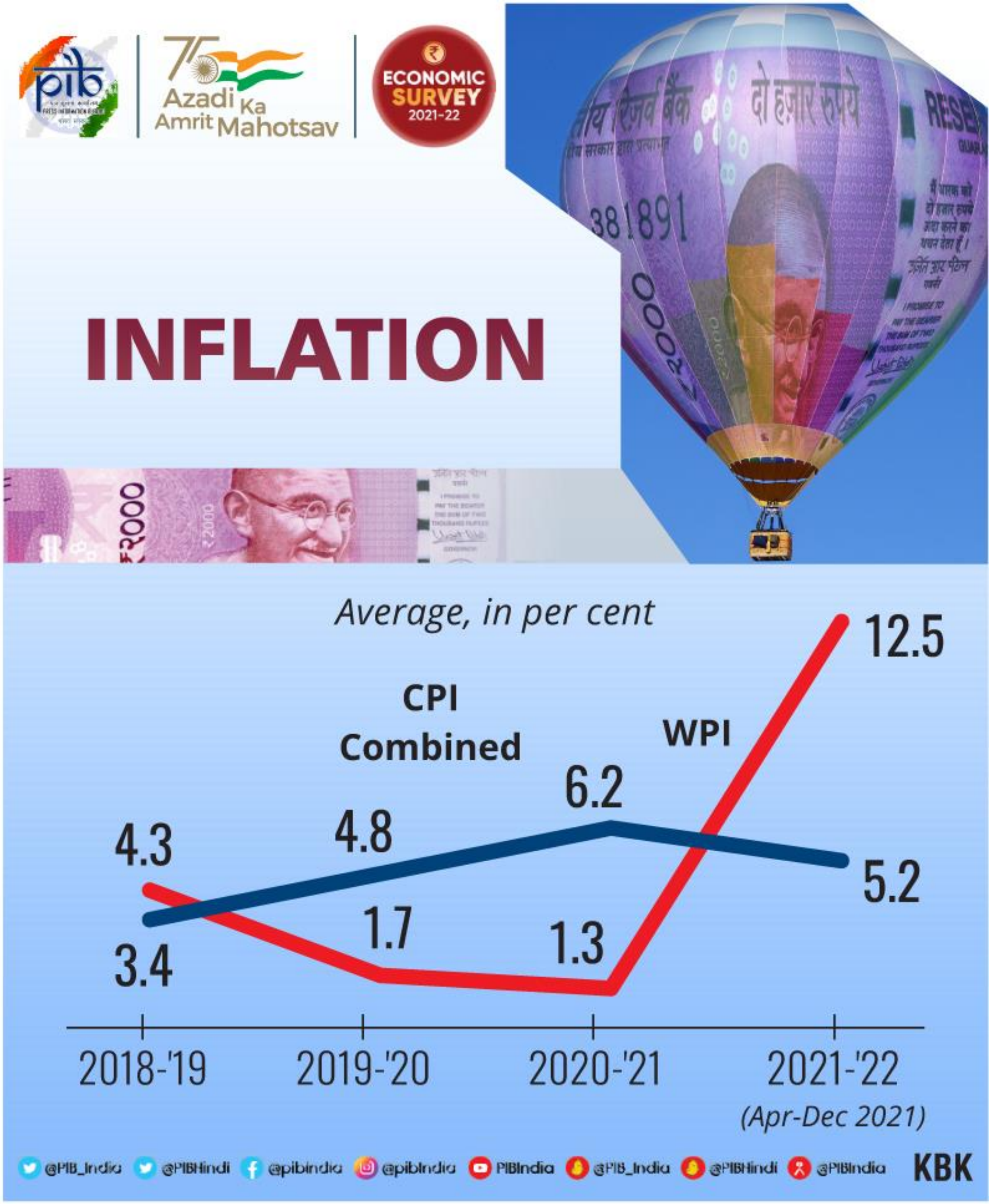
RETAIL INFLATION REMAINS MODERATE DURING CURRENT YEAR; 5.2% IN 2021-22 (APRIL-DECEMBER)

EFFECTIVE SUPPLY-SIDE MANAGEMENT KEPT PRICES OF MOST ESSENTIAL COMMODITIES UNDER CONTROL DURING THE YEAR

DIVERGENCE IN RETAIL AND WPI INFLATIONS EXPECTED TO NARROW DOWN

New Delhi, 31st January, 2022

The retail inflation, as measured by Consumer Price Index-Combined (CPI-C) moderates to 5.2% in 2021-22 (April-December) from 6.6% in the corresponding period of 2020-21, says the Economic Survey 2021-22 presented by the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman in the parliament today. The Survey also says effective supply-side management kept prices of most essential commodities under control during the year.



Domestic Inflation:

Compared to many Emerging Markets and Developing Economies (EMDEs) and advance economies, the Survey finds that Consumer Price Index – Combined (CPI-C) inflation in India has remained range bound in the recent months, touching 5.2% in December 2021. This was possible largely because of the proactive steps taken by the Government for effective supply management.

Global Inflation:

The Economic Survey says that in 2021, inflation picked up globally as economic activity revived with opening up of economies. Inflation surged from 0.7 % in 2020 to around 3.1 % in 2021 in the advanced economies. For instance, inflation in the USA touched 7.0 % in December 2021, the highest since 1982. In the UK, it hit a nearly 30 years high of 5.4% in December 2021. Among emerging markets, Brazil witnessed inflation of 10.1% in December 2021 and Turkey also saw double digit inflation touching 36.1%. Argentina has been experiencing inflation rates above 50% during the last 6 months.

Recent Trends in Retail Inflation:

Retail inflation, well within the target limits of 2% to 6%, declined to 5.2% as against 6.6% during April – December 2020-21. The Survey states that this was largely attributed due to the easing of food inflation. Food inflation, as measured by the Consumer Food Price Index (CFPI), averaged at a low of 2.9% in 2021-22 (April-December) as against 9.1% in the corresponding period last year.

The Survey says that a “refined” Core inflation has been constructed to exclude the volatile fuel items. The items of “petrol for vehicle” and “diesel for vehicle” and “lubricants & other fuels for vehicles”, in addition to “food and beverages” and “fuel and light” have been excluded from headline retail inflation. Since June 2020, refined core inflation has been much below the conventional core inflation, indicating the impact of inflation in fuel items in the “conventional” core inflation measure.

Drivers of Retail Inflation:

Major drivers of retail inflation have been “miscellaneous” and “fuel & light” group. Contribution of miscellaneous increased to 35% in 2021-22 (April – December) from 26.8% in 2020-21 (April – December). According to the Survey, within miscellaneous group, subgroup of “transport and Communication” contributed the most, followed by “health”. On the other hand, contribution of food & beverages declined from 59% to 31.9%.

“Fuel & light” and “Transport & Communication”:

The Survey mentions that Inflation in the above two groups for the period of 2021-22 (April – December) has been largely due to the high international crude oil, petroleum product prices and higher taxes.

Miscellaneous:

The Survey expresses that apart from transport & communication; “clothing and footwear” inflation also saw a rising trend during the current financial year possibly indicating higher production and input costs (including imported inputs) as well as due to revival of consumer demand.

Food and beverages:

According to the Survey, “Oils and fats” contributed around 60% of “food and beverages” inflation despite having a weight of only 7.8% in the group. The demand for edible oils is largely met through imports (60%) and fluctuations in international prices have been responsible for the high inflation in this sub group. Though India’s imports of edible oils have been the lowest in last six years, in terms of value, it has increased by 63.5% in 2020-21 as compared to 2019-20.

The Survey observes that inflation in pulses declined to 2.4% in December 2021from 16.4% in 2020-21.With an increase in area sown for kharif pulses to a new high of 142.4 lakh hectare (as on 1st October 2021) pulses inflation is on a downward trajectory.

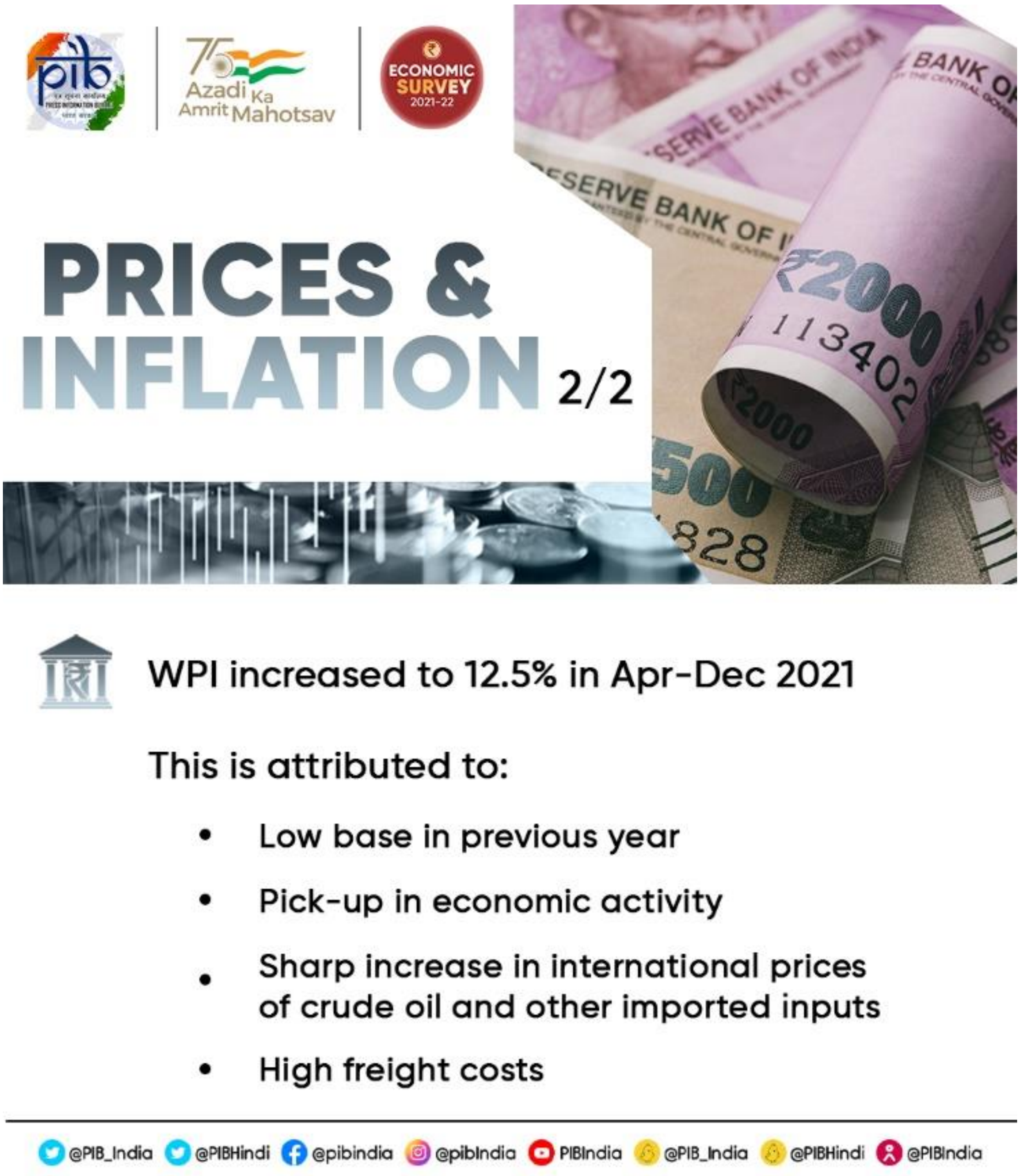
Rural – Urban inflation differential:

The Survey notes that the gap between rural and urban CPI inflation declined in 2020 as compared to the higher gaps witnessed from July 2018 to December 2019. The factor largely responsible for divergence, for brief time periods, is the component of food and beverages.

Trends in Wholesale Price Index based Inflation:

WPI inflation has shown an increasing trend and has remained high during the current financial year touching 12.5% during 2021-22 (April – December). The Survey describes that part of the high inflation could be because of a low base in the previous year as WPI inflation has been benign during 2020-21.

The Survey observes that Crude petroleum & natural gas sub group under WPI has witnessed very high inflation and stood at 55.7% in December 2021. Within manufactured food products, edible oils were a major contributor.



Divergence between WPI and CPI based Inflation rates:

The Survey attributes a host of factors for the divergence witnessed between the two indices. Some of them, amongst others, include the variations due to base effect, conceptual difference in their purpose and design, the price behavior of the different components of the two indices and lagging demand pick up. The Survey states that with the gradual waning of base effect in WPI its divergence in WPI and CPI inflation is expected to narrow down.

Long term perspective:

The Survey states that given the importance of supply side factors in having a predominance in determination of inflation in India, certain long term policies are likely to help. This includes changing production patterns which would lead to diversification of production of crops, calibrated import policy to address uncertainty and increased focus on transportation and storage infrastructure for perishable commodities.

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Economic Survey 2021-22

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Initiatives under AatmaNirbhar Bharat including structural and procedural reforms reinforce performance of the industrial sector, expected to grow by 11.8 percent in this financial year

Investor friendly FDI policy sets up new records in FDI inflows registering highest ever annual FDI inflow of 81.97 billion US$ in 2020-21

Gross bank credit to the industrial sector records growth of 4.1 percent

Production Link Incentive scheme (PLI) Scheme reduces transaction costs, improves ease of doing business

National Infrastructure Pipeline (NIP), National Monetization Plan (NMP) propel infrastructure investment

UDYAM Registration Portal and revision in the definition of the MSMEs enhance productivity, facilitating expansion and growth

Setting up of seven PM Mega Integrated Textiles Region and Apparel Parks (MITRA) notified with a total outlay of Rs. 4,445 crore

Government approves outlay of Rs. 76,000 crore for the development of semiconductors and display manufacturing ecosystem

Construction of National Highways/roads registers an increase of 30.2 percent over the previous year

1835 track km per year of new track length added by Indian Railways through new-lines and multi-tracking projects

Lakshya Bharat Portal launched to provide clear demand projections by oil and gas organizations

Ujjwala 2.0 launched to provide additional 1 crore LPG connections

Government liberalizes drone rules, revises PLI Scheme for growth in aviation sector

Maritime India Vision 2030, envisages coordinated and accelerated growth of India's maritime sector, 100 years old Inland Vessel Act 1917 replaced with Inland Vessel Act 2021 ushering in a new era

Telecom Reforms to boost 4G proliferation, infuse liquidity and create an enabling environment for investment in 5G networks

India witness fastest rate of growth in renewable energy capacity growing by 2.9 times and solar energy expanding by over 18 times, Green Energy Corridor Projects initiated

New Delhi, 31st January, 2022

The Union Minister for Finance and Corporate affairs, Smt. Nirmala Sitharaman tabled the Economic Survey 2021-22 in Parliament today.

Global Industrial activity continued to be affected by the disruptions caused by the Covid-19 pandemic. While the Indian industry was no exception to these disruptions, its performance has improved in 2021-22. Gradual unlocking of the economy, record vaccinations, improvement in consumer demand, continued policy support towards industries by the Government in the form of Atma Nirbhar Bharat Abhiyan and further reinforcements in 2021-22 have led to an upturn in the performance of the industrial sector. The growth of the industrial sector in the first half of 2021-22, was 22.9 percent vis a vis the corresponding period of 2020-21 and is expected to grow by 11.8 percent in this financial year. The industrial performance has shown improvement as reflected in the cumulative growth of Index of Industrial Production (IIP). During April-November 2021-22 the IIP grew at 17.4 percent as compared to (-) 15.3 percent in April-November 2020-21. According to RBI – Studies and Corporate Performance, which is based on the results of select listed companies in the private corporate sector, the net profit to sales ratio of large corporate reached an all-time high despite the pandemic. Buoyant FDI inflows amid improvements in overall business sentiments, foretells a positive outlook for the industry.

The Economic Survey says the introduction of the production linked incentive scheme (PLI) to encourage scaling up of industries and major boost provided to infrastructure-both physical as well as digital-combined with continued measures to reduce transaction costs and improve ease of doing business, would support the pace of recovery. Several initiatives such as National Infrastructure Pipeline (NIP), National Monetization Plan (NMP), amongst others, have been taken to propel the infrastructure investment. Capital expenditure for the Indian Railways has been substantially increased form an average annual of Rs. 45,980 crores during 2009-14 to Rs. 155,181 crores in 2020-21 and it has been budgeted to further increase to Rs. 215,058 crores in 2021-22. This implies five times increase in comparison to the 2014 level. In addition, the extent of road construction per day increased substantially in 2020-21 to 36.5 kms per day from 28 kms per day in 2019-20, a rise by 30.4 percent as compared to the previous year. The Government has also heralded a major boost to the electronics hardware sector and brought in structural and procedural reform in the telecom sector.

Index of Industrial Production (IIP)

The IIP provides data for 23 subgroups of the manufacturing sector. In the period, April-November 2021-22, all the 23 sectors recorded a positive growth. The major industrial groups like textiles, wearing apparel, electrical equipment, motor vehicle staged a strong recovery. Improvement in the performance of textiles and wearing apparel which is a labor-intensive industry has significant implication for employment creation.

INDUSTRY AND INFRASTRUCTURE

ACHIEVING AATMA NIRBHAR BHARAT

- IIP growth at 17.4% during April to November in 2021-22 compared to -15.3% last year
- All time high net profit to sales ratio of large corporates- 10.6% in Q2 of 2021-22
- 30.4% increase in road construction – 36.5 km per day in 2020-21 compared to 28 kms in 2019-20
- Capital expenditure of Indian Railways budgeted to increase 5 times over 2014 level to Rs 2.15 lakh crores
- PLI introduced to scale up industries
- Major boost provided to physical as well as digital infrastructure

@PIB_India @PIBHindi @pibindia @pibIndia PIBIndia @PIB_India @PIBHindi @PIBIndia

Eight Core Index (ICI)

The growth rate of ICI index during the period of April-November 2021-22 was 13.7 percent as compared to (-) 11.1 percent in the corresponding period of last financial year. This acceleration in ICI is mainly driven by improved performance in the steel, cement, natural gas, coal and electricity.

The Index of eight core industries has shown a pickup in growth in almost all its components barring crude oil and fertilizers in 2021-22 (April-November) as compared to 2019-20 (April-November). The steel, crude oil, fertilizer, electricity, natural gas recovered as compared to February 2020 level. In addition, the value of Index for steel, fertilizers, electricity, natural gas and coal is higher than the pre-lockdown level (November 2019).

It is clear that the extent of Capital utilization (CU) had decreased substantially during the first quarter of 2020-21 due to the Covid-19 as severe restrictions were imposed in the country. At the aggregate level, CU for the manufacturing sector declined to 40 percent in Q1: FY21 and than rose to 69.4 in Q4:FY21, however it fell to 60.0 in Q1: FY22.

Another indication of optimism about the economic performance is the RBI's Business Expectations Index (BEI). This Index gives a glimpse of demand conditions in manufacturing sector by combining parameters which include overall business situation, production, order books, inventory of raw material and finished goods, profit margin, employment, exports and capacity utilization. BEI remained stable with only a slight downturn in the second quarter of 2020-21 owing to the onset of the pandemic the first quarter of that year. Since then, it has been on an upswing. It increased to 124.1 in the Q2:FY22 and to 135.7 in Q3:FY22 as compared to 119.6 in the first quarter of the same year. The uptick in the data suggests that the manufacturers perceive further improvement in overall business in Q3:FY22; and exhibit optimism for Q4:FY22. Capacity utilization and employment conditions are expected to improve.

Credit in Industry

Gross bank credit to the industrial sector, recorded a growth of 4.1 percent in October 2021 (Y-o-Y basis) compared to a negative growth of 0.7 growth in October 2020. The share of industry in non-food credit stood at 26 percent in October 2021. Certain industries such as mining, textiles, petroleum, cold products and nuclear fuels, rubber, plastic and infrastructure have shown consistent improvement in credit growth.

FDI in Industries

Measures taken by the Government to put in place an enabling investor friendly FDI Policy has resulted in increased FDI inflows setting up new records. FDI inflows in India stood at US$ 45.14 billion in 2014-15 and have continuously increased since then. India registered its highest ever annual FDI inflow of US$ 81.97 billion (provisional) in the 2020-21 reflecting the growth of 10 percent as compared to the previous year. The increase has been on the back of growth of 20 percent in 2019-20. In the year 2021-22, FDI inflows grew by 4 percent in the first six months to reach US$ 42.86 billion as compared to US$ 41.37 billion for the same period of last year.

Over the last seven financial years (2014-21), India received FDI inflow worth US$ 440.27 billion which is nearly 58 percent of the FDI received by the country in the last 21 years (US$ 763.83 billion).

Performance of Central Public Sector Enterprises (CPSEs)

As on 31.03.2020, 256 CPSEs were operational. The overall net profit of operating CPSEs during 2019-20 stood at Rs. 93,295 crore. Contribution of all CPSEs to central exchequer by way of excise duty, GST, corporate tax, dividend etc. stood at Rs. 3,76,425 crore. The CPSEs across sectors employed 14,73,810 persons, of which 9,21,876 were regular employees.

In accordance with the Union Budget 2021-22 announcements, the Government has approved a policy of strategic disinvestment of public sector enterprises that will provide a clear roadmap for disinvestment in all non-strategic and strategic sectors. The guidelines for implementation of new public sector enterprise policy for CPSEs have been notified on 13th December 2021. This will help the Government to make use of disinvestment proceeds to finance various social sectors and developmental programmes while disinvestment shall increase private capital, technology and best management practices in the disinvested CPSEs.

SECTOR WISE PERFORMANCE AND ISSUES IN INDUSTRY

Steel

The performance of the steel industry is pivotal for the growth of the economy. Despite being hit by COVID-19, the steel industry has bounced back with cumulative production of crude and finished steel in 2021-22 (April-October) at 66.91 MT and 62.37 MT, an increase of 25.0 percent and 28.9 percent respectively, over corresponding period last year while consumption of finished steel at 57.39 MT increased by 25.0 percent over the same period.

Coal

Coal production increased by 12.24 percent in April-October 2021 as compared to (-) 3.91 percent in April-October 2020.

Micro Small Medium Enterprise

The relative importance of MSMEs can be gauged by the fact that the share of MSME GVA in total GVA (current prices) for 2019-20 was 33.08 percent. The Government has taken various initiatives to nurture and promote the MSMEs. The revision in the definition of MSMEs brought in w.e.f 1st July 2020 as part of AatmaNirbhar Bharat package introduce a composite criteria of investment and annual turnover and identical limits for manufacturing and service sectors. The recent measures taken by the Government to improve the ease of doing business for the MSMEs includes the launch of the Udyam Registration Portal in July 2020.

As on 17.01.2022, 66,34,006 enterprises have registered on Udyam Portal out of which 62,79,858 are micro; 3,19,793 are small; and 34,355 are medium enterprises.

Textiles

In the last decade close to Rs. 203,000 crore have been invested in this industry with direct and indirect employment of about 105 million people, a major part of which is women. Despite the industry being deeply affected by the lockdown, it has shown a remarkable recovery with positive contribution to growth as reflected by IIP, of 3.6 percent during April-October 2020.

Further in a major support to enhance the competitiveness of the sector, the Government notified the setting up of 7 PM MEGA INTEGRATED TEXTILES REGION AND APPRAEL PARK (MITRA) in October with a total outlay of Rs. 4,445 crore. The scheme is expected to further the vision of AatmaNirbhar Bharat and to position India strongly on global textiles Map. PM MITRA inspired from 5F's- farm to fibre; fibre to factory; factory to fashion; fashion to foreign- will strengthen the textile sector by developing integrated large scale and modern infrastructure facility for entire value chain of the textile industry.

Electronics Industry

Government accords high priority to electronics hardware manufacturing. The Government has therefore notified the National Policy on Electronics 2019 (NPE-2019) on 25.02.2019 to position India as a global hub for Electronics System Design and Manufacturing (ESDM) by encouraging and driving capabilities in the country for developing core components, including chip sets.

Recently, the Government has approved an outlay of Rs. 76,000 crore (>US$ 10 Bn) for the development of Semiconductor and Display Manufacturing Ecosystem. Government's intervention to boost this industry has come at a time when the global economy is facing an acute shortage of semiconductors due to severe disruptions in supply chains.

Pharmaceuticals

Indian Pharmaceuticals industry ranks 3rd in the world in pharmaceuticals production by volume. India is largest supplier of generic medicines with a 20 percent share in the global supply making the country the *"Pharmacy of the world"*. FDI in Pharmaceuticals Sector has seen a sudden spurt in 2020-21 vis a vis the previous year showing a 200 percent increase. The extraordinary growth of foreign investment in pharma sectors is mainly on accounts of investments to meet Covid-19 related demand for therapeutics and vaccines.

INFRASTRUCTURE

National Infrastructure Pipeline (NIP)

Public Private Partnership in Infrastructure has been an important source of investment in the sector. As per the database of the World Bank on private participation in infrastructure, India is ranked second among developing countries both by the number of PPP Projects as well as the associated investments.

The Public Private Partnership Appraisal Committee (PPPAC) which is responsible for the appraisal of PPP projects has cleared 66 projects with a total project cost of Rs 137218 crores from 2014-15 to 2020-21. The government launched viability Gap Funding (VGF) scheme for providing financial assistance to financially unviable but socially / economically desirable PPP projects, Up to 20 percent of the project cost is funded under this scheme as a grant.

In order to achieve the GDP of $5 Trillion by 2024-25, India needs to spend about $1.4 trillion over these years on infrastructure. Keeping this objective in view, National Infrastructure Pipeline (NIP) was launched with projected infrastructure investment of around 111 lakh crore (US$ 1.5 Trillion) during 2020-2025 to provide world- class infrastructure across the country. NIP was launched with 6, 835 projects, which has expanded to over 9,000 projects covering 34 infrastructure sub-sectors.

National Monetization Pipeline (NMP)

A robust asset pipeline, NMP has been prepared to provide a comprehensive view to investors and developers of the investment avenues in Infrastructure. Total indicative value of NMP for core assets of the Central Government has been estimated at Rs. 6.0 lakh crore over the 4-year period (5.4 percent of total infrastructure investment envisaged under NIP).

Road Transport

Importance of road infrastructure is widely recognized as a potent means of socio-economic integration and is vital for the economic development of the country. There has been a consistent increase in the construction of National Highways/Roads since 2013-14 with13,327 kms of roads constructed in 2020-21 as compared to 10,237 kms in 2019-20, indicating an increase of 30.2 percent over the previous year

Railways

In Railways, an average of 1835 track km per year of new track length has been added through new-line and multi-tracking projects during 2014-2021 as compared to the average of 720 tracks kms per day during 2009-14. Indian Railways (IR) is adopting indigenous new technology such as KAVACH, Vande Bharat trains and redevelopment of stations to have a safe and better journey experience. During FY21, Indian Railways carried 1.23 billion tonnes of freight and 1.25 billion passengers.

CAPEX has been increased substantially for IR from an average annual CAPEX during 2009-14 of Rs. 45,980 crores to Rs. 2,15,058 crores during 2021-2022 (BE).

Civil Aviation

India has emerged as one of the fastest growing aviation markets in the world. The domestic traffic in India has more than doubled from around 61 million in 2013-14 to around 137 million in 2019-20, registering a growth of over 14 percent per annum. Government of India took various initiatives to boost the aviation sector which included calibrated opening of the domestic sector as the first wave of the pandemic ebbed, introduction of air transport bubbles or air travel arrangements with specific countries, disinvestment of Air India, privatization and modernization/expansion of airports, boost to the regional connectivity scheme- UDAN, incentivization of maintenance, repair and overhaul (MROs) operations etc.

In addition, Unmanned Aircraft System (UAS), also known as drones, offer tremendous benefits to almost all sectors of the economy. Government has liberalized Drone Rules 2021 on August 2021 and released PLI scheme for drones on 15 September 2021. The policy reforms will therefore catalyze super-normal growth in the upcoming drone sector. The total air cargo tonnage carried in October, 2021 reached 2.88 lakh MT which surpassed the pre Covid level (2.81 lakh MT).

Ports

Port performance in an economy is crucial for trade competitiveness of that economy. The capacity of 13 major ports which was 871.52 million tonnes per annum (MTPA) at the end of the March 2014, has increased by 79 percent to 1,560.61 MTPA by the end of the March 2021.

In July 2021 the Union cabinet has approved a scheme providing support of Rs1,624 crore to India shipping companies in global tenders floated by Ministries and CPSEs over five years to promote flagging of merchant ships in India.

With an objective of propelling India to the forefront of the Global Maritime Sector , the Maritime India Vision 2030 (MIV 2030), a blueprint to ensure coordinated and accelerated growth of India’s maritime sector in the next decade was released on March 2021. MIV 2030 estimates that development of Indian Ports will drive cost savings of Rs 6,000-7,000 crore per annum for EXIM clients. MIV 2030 estimates the investment requirement for capacity augmentation and development of world class infrastructure at Indian Ports to the tune of Rs. 1,00,000-1,25,000 crore.

Inland Waterways

Regulatory amendment through the Inland Vessels Act, 2021 replaced the over 100 years old Inland Vessels Act, 1917 (1 of 1917) and ushered in a new era in the inland water transport sector.

Telecom

India is the world's second-largest telecommunications market. The total telephone subscriber base in India has increased from 933.02 million in March 2014 to 1200.88 million in March 2021. In March 2021, 45 percent of subscribers were based in rural India and 55 percent in urban areas. Internet penetration in the country is increasing steadily with internet subscribers increasing from 302.33 million in March 2015 to 833.71 million in June 2021.

The number of mobile towers has also increased substantially reaching 6.93 lakhs towers in December 2021, reflecting that the telecom operators have well realized the potential in the sector and seized the opportunity to build up an infrastructure that will be fundamental in boosting the Government's Digital India campaign.

Under the flagship BharatNet project, as on 27.09.2021, 5.46 lakh km Optical Fiber Cable has been laid, a total of 1.73 lakh Gram Panchayats (GP) have been connected by Optical Fiber Cable (OFC) and 1.59 lakh Gram Panchayats are service ready on OFC.

Government is implementing a Comprehensive Telecom Development Plan (CTDP) for the North-Eastern Region and Comprehensive Telecom Development Plan for Islands to provide mobile connectivity in the uncovered villages and along National Highways in the North-East. A number of measures have been taken to bring about structural and procedural reforms. The reforms are expected to boost 4G proliferation, infuse liquidity and create an enabling environment for investment in 5G networks.

Petroleum, Crude and Natural gas

Crude oil and condensate production during the year 2020-2021 was 30.49 million metric tonnes (MMT). Natural Gas production during the year 2020-2021 was 28.67 billion cubic meters (BCM) as against production of 31.18 BCM in 2019-20.Crude Oil Processed during the year 2020-21 was 221.77 MMT as against 254.39 MMT in 2019-20 showing achievement of 88.1 percent of the target of 251.66 MMT for 2020-21.

The Government has introduced several measures to bring transparency. The "Lakshya Bharat Portal" launched in September, 2021 requires all oil and gas organization to upload details of various items procured by them including the future requirements.

The petroleum sector played a critical role throughout the Covid 19 lockdown period by maintaining fuel supplies across the country. The second phase of the Pradhan Mantri Ujjwala Yojna, Ujjawala 2.0, was launched on 10th August, 2021 on pan India basis to provide additional on crore LPG connections along with free first refill and stove. Ujjwala 2.0 focuses on migrants and poor women form low LPG coverage areas.

Electricity

India has witnessed a significant transformation from being an acutely power deficit country to a situation of demand being fully met. The total installed power capacity and captive power plant (industries having demand of 1MW and above) was 459.15 GW on 31.03.2021 as compared to 446.35GW on 31.03.2020 registering a growth of 2.87 percent.

Renewable Energy

India has witnessed the fastest rate of growth in renewable energy capacity addition among all large economies, during the last 7.5 years with renewable energy capacity growing by 2.9 times and solar energy expanding by over 18 times.

In order to facilitate renewable power evacuation and reshaping the grid for future requirements, the Green Energy Corridor (GEC) projects have been initiated. The second component –Intra-state GEC with a target capacity of 9700 ckm transmission lines and 22,600 MVA capacity sub-stations is expected to be completed by June 2022.

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RM/SC/MJPS/AK/VKS

Economic Survey 2021-22

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DESPITE COVID-19 SHOCK AGRICULTURE SECTOR GROWS AT 3.9% IN 2021-22 AND 3.6% IN 2020-21

GROSS VALUE ADDED IS 18.8% FOR AGRICULTURE AND ALLIED SECTORS IN 2021-22

CROP DIVERSIFICATION PROGRAMME ENVISAGES WATER CONSERVATION AND SELF-SUFFICIENCY

BHARATIYA PRAKRITIK KRISHI PADDHATI PROGRAMME FOR ECO-FRIENDLY AGRI PRODUCTION

EDIBLE OIL PRODUCTION INCREASED BY ALMOST 43% FROM 2015-16 TO 2020-21

GOVERNMENT ALLOCATED OVER 1052 LAKH TONNES OF FOOD GRAINS TO STATES/UTs UNDER NATIONAL FOOD SECURITY ACT IN 2021-22

OVER 59 LAKH HECTARES COVERED WITH MICRO-IRRIGATION UNDER PRADHAN MANTRI KRISHI SINCHAYEE YOJANA SINCE 2015-16

New Delhi, 31st January, 2022

The Agriculture sector which accounts for 18.8 per cent of Gross Value Added (GVA) of the country in 2021-22 has experienced buoyant growth in the past 2 years. It grew at 3.9 per cent in 2021-22 and 3.6 per cent in 2020-21 showing resilience in the face of COVID-19 shock states the Economic Survey 2021-22 tabled in the Parliament by the Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman today.

The Survey attributes this to "*good monsoon, various Government measures to enhance credit availability, improve investments, create market facility, promote infrastructure development and increased provision of quality inputs to the sector*". It also observes that livestock and fisheries have experienced buoyant growth and had helped the sector perform well.

Gross Value Added and Gross Capital Formation

The share of the agriculture and allied sector in total GVA of the economy has settled at around 18 per cent in the long term states the Survey. In the year 2021-22 it is 18.8 per cent and in the year 2020-21 it was 20.2 per cent. Another trend observed is, higher growth in allied sectors (Livestock, Forestry and Logging, Fishing and Aquaculture) compared to the crop sector. Recognising these allied sectors as engines of high growth the Committee on Doubling Farmers' Income (DFI 2018) had also recommended focused policy with concomitant support system to boost agricultural incomes.

The Survey notes that there is a direct correlation between capital investments in agriculture and its growth rate. The Gross Capital Formation in the agricultural sector relative to the GVA in the sector is showing a fluctuating trend in sync with the variation in private sector investments, whereas the public sector investments have remained stable at 2-3 per cent over the years. The Survey suggests "*higher access to institutional credit to farmers and greater participation of the private corporate sector*" may improve private sector investment in agriculture. Towards this end the Survey recommends offering appropriate policy framework to crowd-in corporate investments along with increase in public investments along the entire agricultural value chain.

Agricultural Production

The Survey states that as per the First Advance Estimates for 2021-22 (Kharif only), total food grain production is estimated at a record level of 150.50 million tonnes, an increase of 0.94 million tonnes over Kharif production in the year 2020-21. Survey also points out that the production of rice, wheat and coarse cereals had increased at Compound Annual Growth Rates (CAGR) of 2.7, 2.9 and 4.8 per cent respectively over the period between 2015-16 and 2020-21. For pulses, oilseeds and cotton during the same period it has been 7.9, 6.1 and 2.8 per cent respectively.

India is the second largest producer of sugar in the world. India has become a "sugar surplus nation" says the Survey. It points out that since 2010-11, the production has outstripped the consumption except in the year 2016-17. This has been made possible by insuring and protecting the sugarcane farmers against price risk through Fair and Remunerative Price (FRP), enhancing the liquidity of mills by incentivizing them to divert excess sugarcane/sugar to ethanol production and provide financial assistance for transport to sugar mills to facilitate export of sugar says Survey.

Crop Diversification

The Economic Survey warns that the existing cropping pattern is skewed towards cultivation of sugarcane, paddy and wheat which has led to depletion of fresh ground water resources at alarming rates, it also points out that extremely high water stress levels are recorded in the country's north-western region.

To promote water use efficiency and sustainable agriculture and ensure higher incomes to farmers, the Government is implementing Crop Diversification Programme in the original green revolution States viz., Punjab, Haryana and Western Uttar Pradesh as a sub-scheme under Rashtriya Krishi Vikas Yojana since 2013-14 to shift area under paddy cultivation towards less water intensive crops such as oilseeds, pulses and nutri-cereals etc. The programme also focuses on shifting areas under tobacco cultivation to alternative crops in States viz. Andhra Pradesh, Bihar, Gujarat, Karnataka, Maharashtra, West Bengal among other tobacco producing states. The

Survey observes that government is also using price policy to signal farmers to diversify their crops.

Water and Irrigation

The Survey points that 60 per cent of the net irrigated area in the country is serviced through groundwater. The rate of extraction of groundwater is very high (more than 100%) in the states of Delhi, Haryana, Punjab and Rajasthan. Noting that increased coverage under micro-irrigation can be the most effective mode of water conservation, the Survey suggests these States need to focus on both medium and long term ground water recharge and conservation plans.

With the objective to mobilise resources to expand coverage of micro-irrigation, a Micro-Irrigation Fund (MIF) with corpus of Rs. 5000 crores was created under NABARD during 2018-19. As on 01.12.2021, projects with loans under MIF amounting to Rs. 3970.17 crore have been approved for 12.81 lakh hectares of micro-irrigation area. Further the Survey highlights that under Pradhan Mantri Krishi Sinchayee Yojana, as on 14.12.2021 total area of 59.37 lakh hectares has been covered under micro-irrigation in the country from 2015-16.

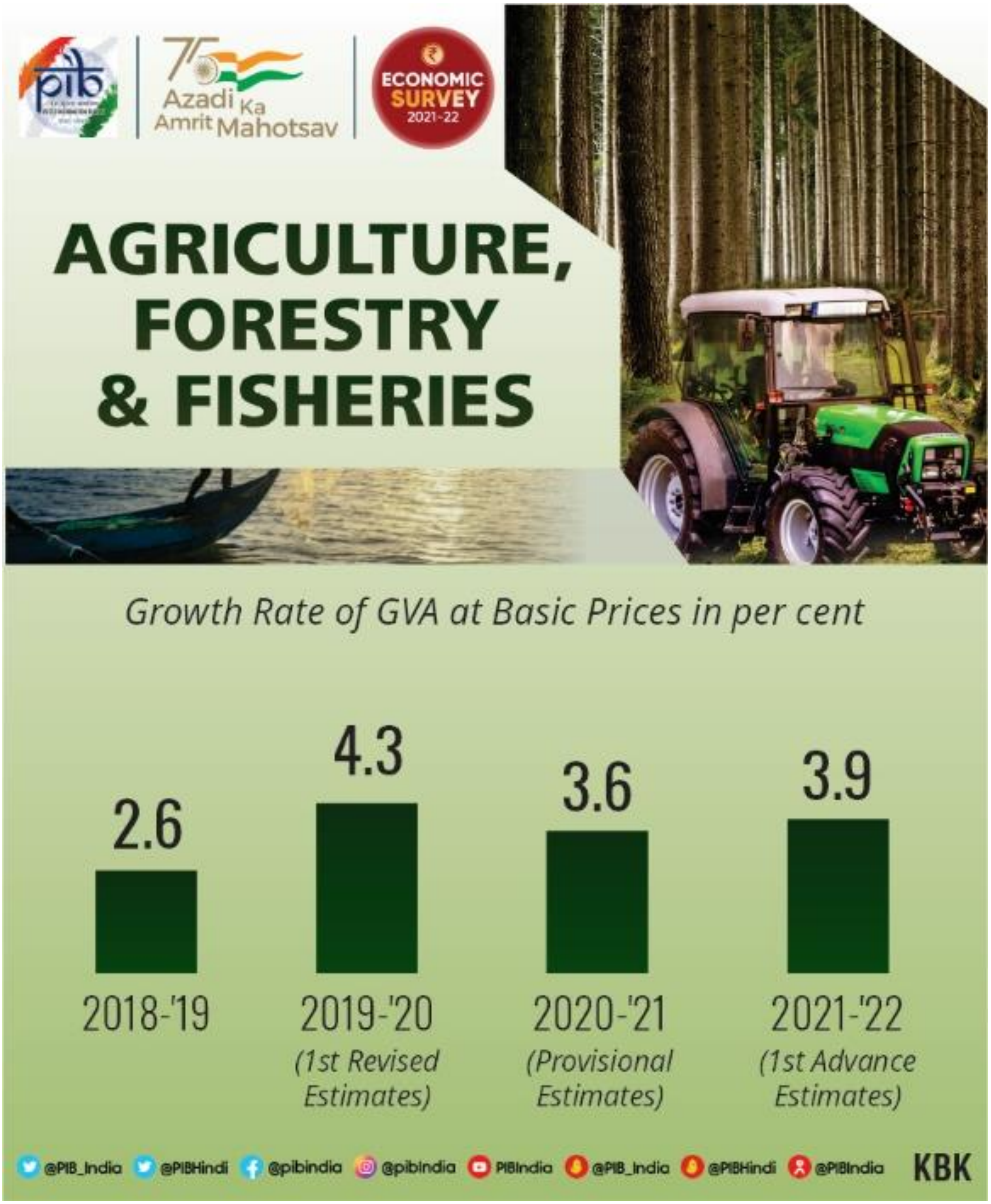
Natural Farming

In order to sustain agricultural production through eco-friendly processes in tune with nature, ensure chemical free produce and preserve soil productivity government is also encouraging farmers to adopt natural farming techniques. Towards this end the government is implementing a dedicated scheme of Bharatiya Prakritik Krishi Paddhati Programme (BPKP) notes the Survey.

Agricultural Credit and Marketing

According to the Economic Survey, the agricultural credit flow for the year 2021-22 has been fixed at Rs. 16,50,000 crores and till 30th September 2021, against this target a sum of Rs.7,36,589.05 crores has been disbursed. Moreover, under Atma Nirbhar Bharat programme, the government also announced Rs. 2 lakh crore concessional credit boost to 2.5 crore farmers through Kisan Credit Cards (KCC). Towards this end, banks have issued KCCs to 2.70 crore eligible farmers as on 17.01.2022. Further Government has extended the KCC facility to fisheries and animal husbandry sector in 2018-19.

To link the farmers with markets and to help them in trading and realizing competitive and remunerative prices for their produce the government has been working continuously to improve market linkages and marketing infrastructure. Towards this end, the APMCs have been recognized as eligible entities under Agriculture Infrastructure Fund (AIF). Additionally under the National Agricultural Market (e-NAM) scheme as on 1st December 2021, 1000 mandis of 18 States and 3 UTs have been integrated with the e-NAM platform.



The Government has also launched a central sector scheme of 'Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs)' to form and promote 10,000 FPOs by 2027-28.

As on January 2022, a total of 1963 FPOs have been registered under the scheme. The government has also established a full-fledged Ministry of Co-operation in July 2021 with a view to provide greater focus on co-operative sector.

National Mission on Edible Oils

India is the world's second largest consumer and number one importer of vegetable oil. The Survey highlights that the oilseed production in India has been steadily growing since 2016-17. It was showing a fluctuating trend prior to that. It had grown at almost 43 per cent from 2015-16 to 2020-21. The Economic Survey also expects that the demand for edible oil in India would remain high due to population growth, urbanization and consequent change in dietary habits and traditional meal patterns.

In view of the persistently high import of edible oil, to increase oil production the Government had been implementing a centrally sponsored scheme of National Food Security Mission: Oilseeds (NFSM - Oilseeds) since 2018-19 across all districts in the country. The Survey highlights that under the scheme the government has set up 36 oilseed hubs between 2018-19 and 2019-20 to increase availability of high yielding quality seed. For Kharif 2021, the union government had allocated 9.25 lakhs of oilseed mini kits of high yielding varieties to states for distribution. Further, in August 2021, the Government had launched National Mission on Edible Oils – Oil Palm (NMEO-OP) to augment availability of edible oils by "*harnessing area expansion and through price incentives*" says the Survey. The scheme aims to cover an additional area of 6.5 lakh hetares for oil palm by 2025-26 and thereby reach a target of 10 lakh hectares ultimately. The Survey points out that currently 3.70 lakh hectares is under oil palm cultivation. Also, the scheme also aims to increase the Crude Palm Oil (CPO) production to 11.20 lakh tonnes by 2025-26 and up to 28 lakh tonnes by 2029-30.

Food Management

AGRICULTURE AND FOOD MANAGEMENT 1/2

RECOMMENDATIONS:-

- Shift focus towards harnessing potential of allied activities like animal husbandry, dairying and fisheries

- Develop and implement small holding farm technologies to improve productivity of small and marginal farmers

- Prioritize crop diversification towards oilseeds, pulses and horticulture

- Coordinated action from State Governments needed to facilitate shift to high value and less water consuming crops

AGRICULTURE AND FOOD MANAGEMENT 2/2

RECOMMENDATIONS:-

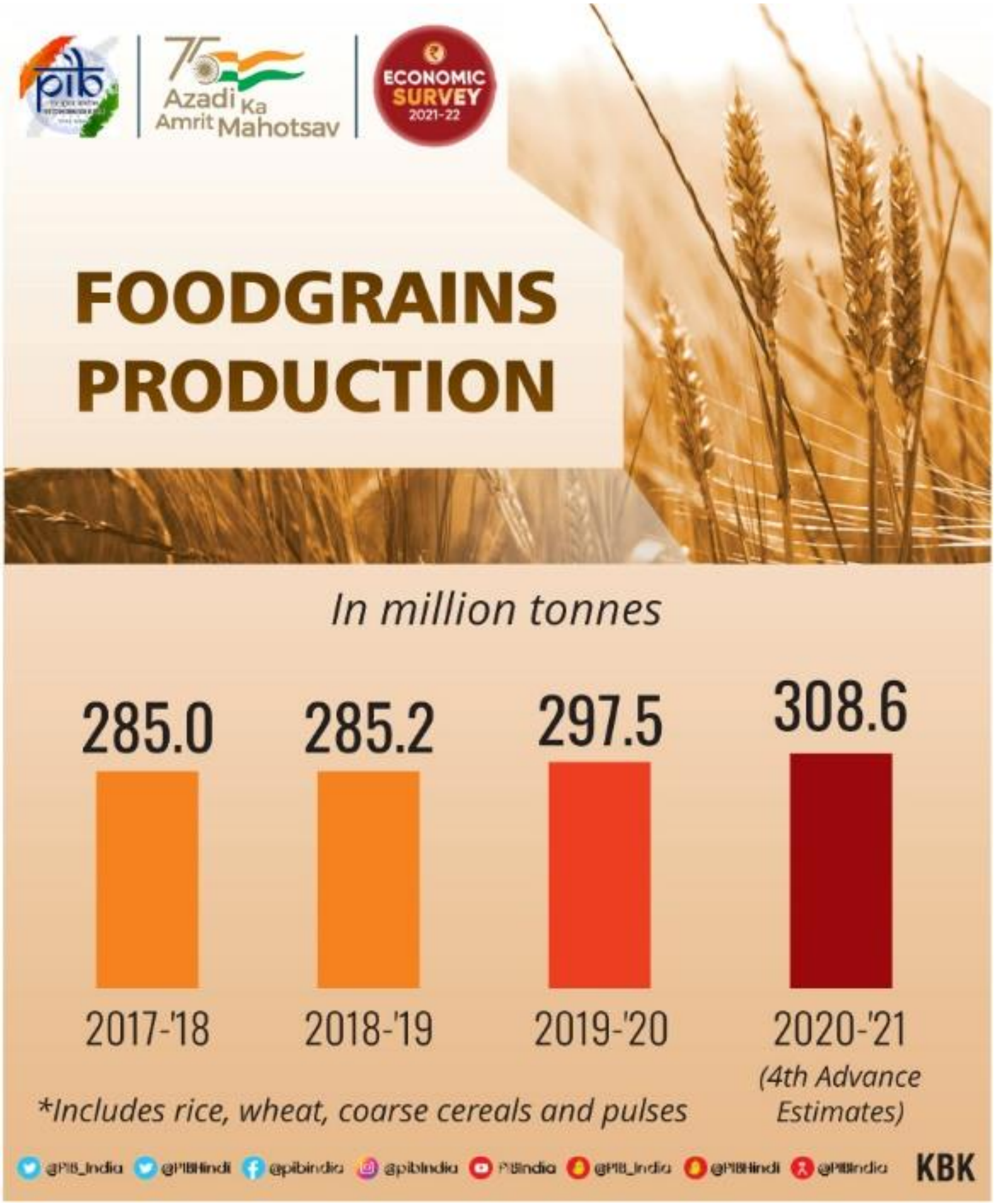
- Increase in agriculture R&D needed to improve productivity in crop and allied sectors

- Promote use of alternative fertilizers like nano urea and organic fertilizers

- Focus on new technology including drones and AI-based decision support system

- Support start-ups for innovations

India runs one of the largest food management programmes in the world. The Survey highlights that during the year 2021-22, the government had allocated 1052.77 lakh tonnes of food grains to States/UTs under National Food Security Act, 2013 and other welfare schemes compared to 948.48 lakh tonnes in 2020-21. The government has further extended the coverage of food security through additional provision of 5Kg food grains per person per month through the Pradhan Mantri Gareeb Kalyan Yojana (PMGKY). Under the scheme during 2021-22, the government had allocated 437.37 LMT of food grains and in 2020-21, 322 LMT of food grains *free of cost* to around 80 crore NFSA beneficiaries to ameliorate the hardships faced by the poor due to economic disruption caused by COVID-19 pandemic.



The government had also approved the centrally sponsored pilot scheme 'Fortification of Rice and its Distribution under PDS' on 14.02.2019 for a period of three years. The scheme is being implemented in 15 districts (1 district per State) and government had distributed 3.38 LMT of fortified rice till December 2021 under the pilot scheme.

The Survey states that during Kharif Marketing Season (KMS) 2020-21, 601.85 lakh metric tonnes (LMT) of rice has been procured against an estimated target of 642.58 LMT. In the

KMS 2021-22, a total of 566.58 LMT of paddy (equivalent to 379.98 LMT rice) was procured as on 16.01.2022. During RMS 2021-22, 433.44 LMT of wheat was procured against 389.92 LMT procured during RMS 2020-21. Also, during the Kharif & Rabi Marketing Season 2020-21, approximately 11.87 LMT of coarse grains has been procured which is highest in the last five years.

Agricultural Research and Education

According to the Economic Survey, research shows that every rupee spent on agricultural research and development, yields much better returns. Increasing R&D spending on agriculture is, therefore, not only a vital necessity for ensuring food security, but also important from the socio-economic point of view.

Agricultural research and education is crucial for "*development of environmentally sustainable global food system, ensuring food and nutrition security and increasing farm income by cost minimization and yield maximization*" says the Survey. It points out that the National Agricultural Research System of India has produced significant results. The Indian Council of Agricultural Research (ICAR) during 2020 and 2021 notified/released a total of 731 new varieties/hybrids of field crops. The Department of Agriculture Research and Education (DARE) has developed 35 special trait varieties including bio-fortified and stress tolerant varieties of field and horticulture crops during 2021-22.

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INDIA'S SCORE ON NITI AAYOG SDG INDIA INDEX & DASHBOARD IMPROVES TO 66 IN 2020-21; NUMBER OF FRONT RUNNERS ALSO INCREASED TO 22 STATES AND UNION TERRITORIES: ECONOMIC SURVEY

INDIA RANKED THIRD GLOBALLY IN INCREASING ITS FOREST AREA DURING 2010-20; FOREST COVER GROWS BY MORE THAN THREE PERCENT DURING 2011-2021

INDIA TO PHASE-OUT SINGLE USE PLASTIC BY 2022 AND STRENGTHEN CIRCULAR ECONOMY OF PLASTIC PACKAGING WASTE

IMPROVEMENT IN COMPLIANCE STATUS OF GROSSLY POLLUTING INDUSTRIES IN GANGA MAIN STEM AND TRIBUTARIES TO 81 PERCENT IN 2020

NATIONAL CLEAN AIR PROGRAMME BEING IMPLEMENTED IN 132 CITIES TO ACHIEVE 20-30 PERCENT REDUCTION OF PARTICULATE MATTER CONCENTRATIONS BY 2024

INDIA COMMITTED TO ACHIEVE EMMISSION REDUCTION TARGETS BY 2030; MINDFUL AND DELIBERATE UTILISATION OF RESOURCES NEEDED, NOTES SURVEY

INDIA DISPLAYING CLIMATE LEADERSHIP AT GLOBAL STAGE UNDER ISA, CDRI AND LEADIT

New Delhi, 31st January, 2022

India has progressed on the fulfillment of **Sustainable Development Goals(SDGs)** through improvement in score of **NITI Aayog SDG India Index & Dashboard** to **66** in 2020-21 from 60 in 2019-20 and 57 in 2018-19. The Economic Survey for FY 2021-22, as tabled in the Parliament today by Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman mentions this achievement and reiterates India's commitment towards achieving **social**, **economic** and **environmental** goals under SDGs.

India's progress on Sustainable Development Goals

The Survey makes the following observations w.r.t performance of States and UTs on the NITI Aayog SDG India Index, 2021:

1. Number of **Front Runners** (scoring 65-99) has increased to **22 states** and **UTs** in 2020-21 from 10 in 2019-20
2. **Kerala** and **Chandigarh** being the top **state** and **UT**
3. **64** districts were **Front Runners** and **39** districts were **Performers** in **North East India** (North-Eastern Region District SDG Index 2021-22)

State of the Environment

The Economic Survey highlights the importance of **balancing rapid economic growth** with **conservation**, **ecological security** & **environmental sustainability** and focuses on the following areas:

- **Land Forests**

The Survey notes that India has increased its **forest area** significantly over the past decade and now ranks **third globally** in **average annual net gain** in forest area between 2010 to 2020. At the same time, India's **forest cover** has increased by **more** than **three per cent** during 2011 to 2021, mainly attributed to increase in **very dense forest,** growing by **20 per cent** during the period.

- **Plastic Waste Management and Single Use Plastics**

The Survey reiterates the announcement made by the Prime Minister that India would **phase-out single use plastic by 2022**. Recognising the need for global community to act on this issue, India has adopted a resolution on "***Addressing Single Use Plastic Product Pollution***" at **United Nations Environment Assembly** held in 2019.

At domestic level, the **Plastic Waste Management Amendment Rules, 2021** was notified, which aims at this phasing-out of single use plastic. The draft regulation on the **Extended Producer Responsibility** for plastic packaging has also been notified to **strengthen** the **circular economy** of **plastic packaging waste**, promote development of **new alternatives** to plastics and **sustainable** plastic packaging.

- **Water**

The ground water resource management and the findings indicate that States/UTs need to manage its ground water resources carefully, including recharge, and to stem the over-exploitation. The Survey mentions the finding that over-exploitation of ground water resources is concentrated in north-west and parts of southern India.

The Survey also observes that **Reservoir live storage** is at its peak during monsoon months and lowest in summer months and therefore requires **careful planning** and coordination of **storage**, **release** and **utilization** of **reservoirs**.

Highlighting the number of sewage infrastructure projects created under **Namami Gange Mission** since its inception, the Survey brings to light the **improvement** in compliance status of Grossly Polluting Industries (GPIs) located in the Ganga main stem and its tributaries from **39 per cent in 2017** to **81 per cent in 2020**. There has also been reduction in effluent discharge **349.13** million of liters per day (MLD) in 2017 to **280.20** MLD in 2020.

- **Air**

National Clean Air Programme (NCAP) was launched by the Govt. of India with a target to achieve **20-30 per cent reduction** in particulate matter (PM) concentrations by 2024 across the country. The Survey mentions that the programme is being implemented across 132 cities. The Survey also states other steps are being taken to control and minimize air pollution from various sources in the country, covering **Vehicular Emissions**, **Industrial Emission, Air Pollution due to dust and burning of waste and Monitoring** of **Ambient Air Quality**.

India and Climate Change

India had announced its first **Nationally Determined Contribution** (NDC) under the Paris Agreement in 2015 and in 2021 announced ambitious targets to be achieved by 2030 to enable further reduction in emissions. The need to start the one-word movement ***'LIFE'*** which means

Lifestyle **F**or **E**nvironment urging mindful and deliberate utilization instead of mindless and destructive consumption, has also been underlined by the Survey document.

The Survey mentions that India has been exercising significant climate leadership at the international stage under the **International Solar Alliance (ISA)**, **Coalition for Disaster Resilient Infrastructure (CDRI)** and **Leadership Group for Industry Transition** (**LeadIT Group**). The Ministry of Finance, RBI and SEBI have also taken several initiatives in the area of sustainable finance.

RM/RJ/BY/KS

Economic Survey 2021 -22

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ECONOMIC SHOCK OF THE PANDEMIC HAS BEEN WEATHERED WELL BY COMMERCIAL BANKING SYSTEM SO FAR SAYS THE ECONOMIC SURVEY

PERSONAL LOANS REGISTERS DOUBLE DIGIT GROWTH OF 11.6%

AGRICULTURE CREDIT REGISTERS ROBUST GROWTH @10.4%

MSMES CREDIT GROWTH ACCELERATES TO 12.7%

4.6 BILLION TRANSACTIONS WORTH Rs 8.26 LAKH CRORE BY UPI: RISE OF 504.5 PER CENT IN FUND MOBILIZATION BY EQUITY IN 2021

OVERALL CONTRIBUTION UNDER NPS GROWS BY MORE THAN 29%

New Delhi, 31st January 2022

"The economic shock of the pandemic has been weathered well by the commercial banking system so far, even if some lagged impact is still in pipeline" says the Economic Survey 2021-22; tabled by the Union Finance and Corporate Affairs Minister Smt. Nirmala Sitaraman in the

Parliament today. The Survey also notes that the bank credit growth stands at 9.2 per cent as on 31st December 2021.

Growth in personal loans improved to double digits:

The Survey highlights that the growth in personal loans improved to 11.6% as compared with 9.2% in the previous year. Housing loans, the largest constituent of personal loans, registered growth of 8 per cent in November 2021. The growth of vehicle loans, the second largest constituent, improved to 7.7 per cent in November 2021 from 6.9 per cent in November 2020.

Credit Growth:

The Survey states that the credit to Agriculture continued to register robust growth, and was at 10.4 per cent (YoY) in 2021 as compared with 7 per cent in 2020. Credit growth to micro & small industries accelerated to 12.7 per cent in 2021 from 0.6 per cent a year ago, reflecting effectiveness of various measures taken by the Government and the RBI to boost credit flow to the micro, small and medium enterprises (MSME) sector.

Monetary Transmission:

According to the Survey, Large surplus systemic liquidity, forward guidance of continuing with the accommodative stance and the external benchmark system for pricing of loans in select sectors aided monetary transmission.

Factoring in India:

The Survey states that, Factoring is an important source of liquidity worldwide, especially for MSMEs. Hence, the Factoring Regulation (Amendment) Act, 2021 was enacted with the amendments in line with the recommendations of UK Sinha Committee. The significant regulations pertaining to the amendment act has been notified by the RBI in January 2022. The amendments have liberalized the restrictive provisions in the Act and at the same time ensure that a strong regulatory / oversight mechanism is in place under RBI. Overall, this change would lead to widening of factoring ecosystem in the country and help MSMEs significantly, by providing added avenues for availing credit facility.

Deposit insurance in India:

The Survey asserts that The Deposit Insurance and Credit Guarantee Corporation (Amendment) Act, passed by the Parliament in 2021, made significant changes in the landscape of deposit insurance in India. The Survey also notes that Bank-group wise, the percentage of insured deposits vis-à-vis total deposits is 84 per cent for RRBs, 70 per cent for cooperative banks, 59 per cent for SBI, 55 per cent for PSBs, 40 per cent for private sector banks and 9 per cent for foreign banks. Up to 31st March 2021, a cumulative amount of Rs 5,763 crores has been paid towards claims since the inception of deposit insurance (Rs 296 crore in respect of 27 commercial banks and Rs 5,467 crores in respect of 365 co-operative banks).

Digital payments:

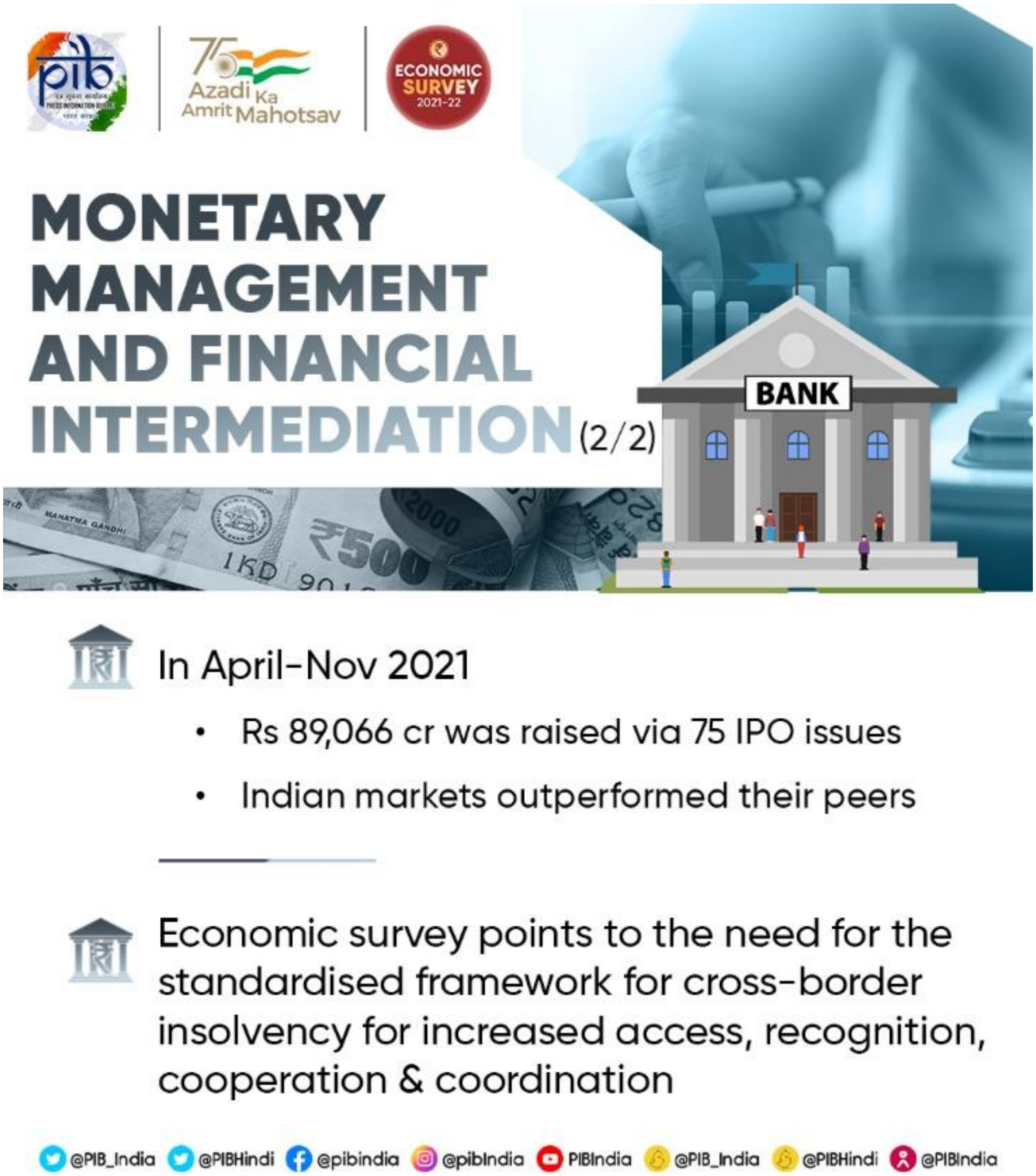
According to the Survey, Unified Payments Interface (UPI) is currently the single largest retail payment system in the country in terms of volume of transactions, indicating its wide acceptance In December 2021, 4.6 billion transactions worth Rs 8.26 lakh crore were carried out by UPI. RBI and the Monetary Authority of Singapore announced a project to link UPI and PayNow, which is targeted for operationalization by July 2022, Bhutan recently became the first country to adopt UPI standards for its QR code. It is also the second country after Singapore to have BHIM-UPI acceptance at merchant locations.

NBFCs:

The Survey states that the total credit of NBFC sector increased marginally from Rs 27.53 lakh crore in March 2021 to Rs 28.03 lakh crore in September 2021. The credit intensity of NBFCs, measured by NBFC credit as a ratio of GDP has been rising consistently and stood at 13.7% at end March 2021. Industry remained the largest recipient of credit extended by the NBFC sector, followed by retail loans and services.

Equity:

The Survey observes that In April-November 2021, IPOs of 75 companies have listed, garnering Rs 89,066 crore, as compared to 29 companies raising Rs 14,733 crore during April-November 2020, indicating stupendous rise of 504.5 per cent in fund mobilization. The money raised by IPOs has been greater than what has been raised in any year in last decade by a large margin. Amount raised by way of preferential allotment increased by 67.3 per cent during April-November 2021, as compared to previous year. Overall, during April-November 2021, Rs 1.81 lakh crore have been raised through equity issues through diverse modes viz., public offerings, rights, QIP and preferential issues.



Mutual Fund Activities:

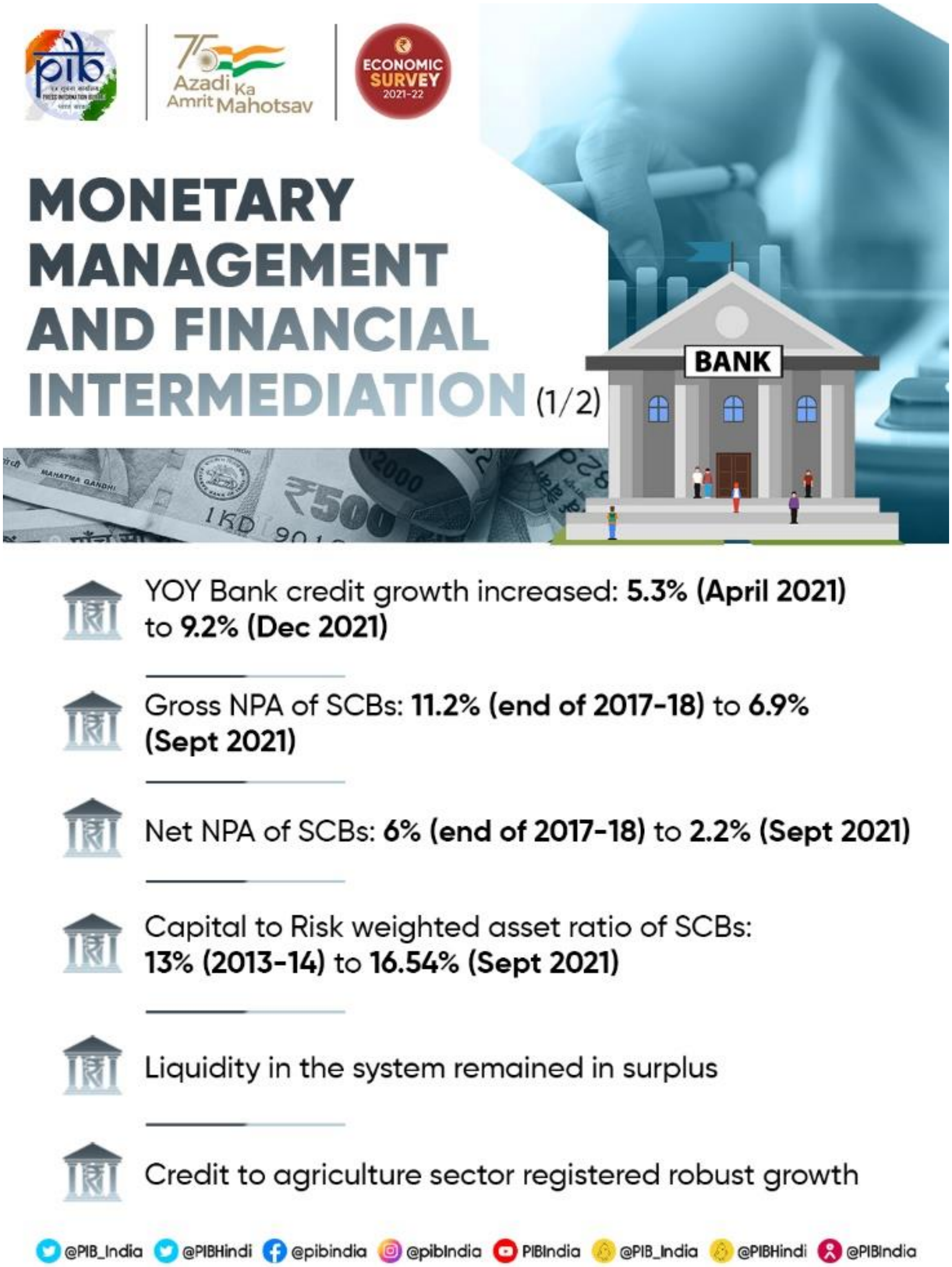
The Survey highlights that the net Assets under Management (AUM) of mutual fund industry rose by 24.4 per cent to Rs 37.3 lakh crore at the end of November 2021 from Rs 30.0 lakh crore end of November 2020. Net resource mobilization by mutual funds was Rs 2.54 lakh crore during April-November 2021, as compared to Rs 2.73 lakh crore during April-November 2020.

PENSION SECTOR:

The Survey appreciates the fact that the total number of subscribers under New Pension Scheme (NPS) and Atal Pension Yojana (APY) increased from 374.32 lakh as on September 2020 to 463 lakh as on September 2021, recording a growth of 23.7 per cent over the year. The overall contribution under NPS grew by more than 29 per cent during the period September 2020 - September 2021. Maximum growth in contribution was registered under All Citizen model (51.29 per cent) followed by Corporate Sector (42.13 per cent), APY (38.78 per cent), State Government Sector (28.9 per cent), and Central Government Sector (22.04 per cent). The Assets under Management (AUM) of NPS and APY stand at Rs 6.67 lakh crore at end September 2021 and thereby recorded an overall growth (YoY) of 34.8 per cent. The gender gap in enrolments under APY has narrowed down with increased participation of female subscribers, which has increased from 37 per cent as of March 2016; to 44 per cent as of September 2021.

SCHEDULED COMMERCIAL BANKS (SCBS):

The Survey observes that the Gross Non-performing Advances (GNPA) of the SCBs reduced to 6.9% in the year 2021, the Net Non-performing advances (NNPA) stands @2.2% Restructured Standard Advances (RSA) ratio of SCBs increased from 0.4 per cent to 1.5 per cent. Overall, the Stressed Advances ratio of SCBs increased to 8.5% at end September 2021. The Survey claims that COVID-19 related dispensations/moratoriums provided with respect to asset quality contributed towards increase in restructured assets and as a result, stressed advances ratio.



Public Sector Banks (PSBs):

The Survey highlights that the GNPA decreased to 8.6 per cent at end-September 2021, The Stressed Advances ratio of PSBs increased to 10.1 per cent during the same period on account of rise in restructured advances. Based on the capital position as on September 30, 2021, all Public Sector and Private Sector banks maintained the Capital Conservation Buffer (CCB) well over 2.5 per cent.

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Economic Survey 2021-22

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FISCAL DEFICIT FOR APRIL TO NOVEMBER 2021 MUCH LOWER IN COMPARISON TO PREVIOUS TWO YEARS

ROBUST GROWTH IN BOTH TAX AND NON-TAX REVENUES DURING APRIL TO NOVEMBER 2021

RESTRUCTURING AND PRIORITIZATION INCREASE GOVERNMENT'S TOTAL EXPENDITURE DURING APRIL TO NOVEMBER 2021

CAPITAL EXPENDITURE REGISTERS 13.5 % GROWTH DURING FIRST THREE QUARTERS OF 2021-22

NEW PUBLIC SECTOR ENTERPRISE POLICY AND ASSET MONETISATION STRATEGY TO BOOST PRIVATIZATION AND DISINVESTMENT

New Delhi, 31st January 2022

"In the backdrop of an evolving pandemic situation, Government of India's agile policy response differed from the waterfall strategy of introducing front-loaded stimulus packages, adopted by most other countries in 2020", says the Economic Survey 2021-22 tabled by the Union Finance and Corporate Affairs Minister, Smt. Nirmala Sitharaman in the Parliament today. The Economic Survey highlights that in the initial phase of the pandemic, the fiscal policy focused on building safety-nets for the poor and vulnerable sections of society to hedge against the worst-case outcomes. With the restoration of economic activities, the fiscal response focused on stimulating demand in the economy. With the easing of movement and health-related restrictions in Q3 of 2020-21, the capital spending was pushed for encouraging expenditure in sectors with the most positive effect on the economy. Following are the important observations in the Economic Survey 2021-22:

Fiscal Deficit

The data on Government accounts for April to November 2021, released by the Controller General of Accounts, show that the fiscal deficit of the Central Government at end November 2021 stood at 46.2 per cent of the BE compared to 135.1 per cent during the same period in 2020-21 and 114.8 per cent during the same period in 2019-20. During this period both fiscal deficit and primary deficit stood at levels much below the corresponding levels in the previous two years. The primary deficit during the period April to November 2021 turned up at nearly half of the level it had reached during April to November 2019. The fiscal deficit budgeted in the current year was more realistic as it brought in several off-budget items to within the budget allocation such as the food subsidy requirements of FCI.

Revenue collection

Revenue receipts have grown at a much higher pace during the current financial year (April to November 2021) compared to the corresponding periods during the last two years. This performance is attributable to considerable growth in both tax and non-tax revenue. Net tax revenue to the Centre, which was envisaged to grow at 8.5 per cent in 2021-22 BE relative to 2020-21 PA, grew at 64.9 per cent during April to November 2021 over April to November 2020 and at 51.2 per cent over April to November 2019.

Azadi Ka Amrit Mahotsav

ECONOMIC SURVEY 2021-22

FISCAL DEVELOPMENTS

ECONOMY BOUNCING BACK WITH INDIA'S AGILE POLICY RESPONSE

During April-Nov 2021 (YOY)

- Revenue Receipts gone up by 67.2%
- Gross tax revenue registered a growth of over 50%
- Capital Expenditure has grown by 13.5%
- Fiscal Deficit has been contained at 46.2% of BE
- With the recovery of economy, Government debt is expected to decline
- Several off-budget items brought within the budget allocations
- State govt's capex gone up by 67%

Direct Taxes

Within direct taxes, personal income tax has grown at 47.2 per cent over April-November 2020 and at 29.2 per cent over the April-November 2019. The corporate income tax registered a growth of 90.4 per cent over April-November 2020 and 22.5 per cent over April-November 2019.

Indirect Taxes

The indirect tax receipts have registered a YoY growth of 38.6 per cent in the first eight months of this fiscal year. The revenue collection from customs during April to November 2021 has registered a growth of almost 100 per cent over April to November 2020 and over 65 per cent compared to April to November 2019. The revenue from excise duties has registered a YoY growth of 23.2 per cent during April- November 2021. The GST collections for the Centre were 61.4 per cent of BE during April to November 2021. Gross GST collections, Centre and States taken together, were `10.74 lakh crore during April to December 2021, which is an increase of 61.5 per cent over April to December 2020 and 33.7 per cent over April to December 2019.

Non-tax revenue

The non-tax revenue collections up to November 2021 registered an YoY increase of 79.5 per cent. This increase was driven by dividends and profits, which stood at `1.28 lakh crore against BE of `1.04 lakh crore. The key component of dividends and profits during this period was ` 0.99 lakh crore surplus transfer from RBI to the Central Government.

Expenditure

The total expenditure of the Government increased by 8.8 per cent during April to November 2021 and stood at 59.6 per cent of Budget Estimate. While the revenue expenditure has grown by 8.2 per cent during the first eight months of 2021-22 over the same period in 2020-21, the non- interest revenue expenditure grew by 4.6 per cent over April to November 2020.

Capital expenditure

During April to November 2021, capital expenditure registered a growth of 13.5 per cent with focus in infrastructure-intensive sectors like roads and highways, railways, and housing and urban affairs. This increase is particularly substantial given the high YoY growth in capital expenditure registered during the corresponding period of the previous year as well. In addition, the Centre has also put in place several incentives to boost the capital expenditure by the States.

New Public Sector Enterprise Policy and Asset Monetisation Strategy

The New Public Sector Enterprise Policy and Asset Monetisation Strategy introduced by the Government reaffirm its commitment towards privatization and strategic disinvestment of Public Sector Enterprises. The privatisation of Air India has been particularly important, not only in terms of garnering disinvestment proceeds but also for boosting the privatisation drive.

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RM/YKB/VP

Economic Survey 2021-22

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KEY HIGHLIGHTS OF THE ECONOMIC SURVEY 2021-22

9.2 PERCENT GROWTH EXPECTED IN REAL TERMS IN 2021-22

GDP PROJECTED TO GROW 8.0-8.5 PERCENT IN 2022-23

PANDEMIC: GOVERNMENT's SUPPLY SIDE REFORMS PREPARING ECONOMY FOR SUSTAINED LONGTERM EXPANSION

CAPEX GROWS BY 13.5 PERCENT (YoY) DURING APRIL-NOVEMBER, 2021

FOREIGN EXCHANGE RESERVES TOUCH US$ 633.6 BILLION ON 31st DECEMBER, 2021

MACROECONOMIC STABILITY INDICATORS SUGGEST ECONOMY WELL PLACED TO TAKE ON CHALLENGES OF 2022-23

MASSIVE GROWTH IN REVENUE RECEIPTS

SOCIAL SECTOR: EXPENDITURE ON SOCIAL SERVICES AS PROPORTION OF GDP INCREASES TO 8.6 PERCENT IN 2021-22 (BE) AS COMPARED TO 6.2 PERCENT IN 2014-15

WITH REVIVAL OF ECONOMY, EMPLOYMENT INDICATORS BOUNCED BACK TO PRE-PANDEMIC LEVELS DURING LAST QUARTER OF 2020-21

MERCHANDISE EXPORTS AND IMPORTS REBOUND STRONGLY AND SURPASS PRECOVID LEVELS

BANK CREDIT ACCELERATES TO 9.2 PERCENT AS ON 31st DECEMBER, 2021

Rs 89,066 CRORE RAISED VIA 75 IPOs; SIGNIFICANTLY HIGHER THAN IN ANY YEAR IN LAST DECADE

CPI-C INFLATION MODERATES TO 5.2 PERCENT IN 2021-22 (APRIL-DECEMBER)

FOOD INFLATION AVERAGES AT A LOW OF 2.9 PERCENT IN 2021-22 (APRIL-DECEMBER)

EFFECTIVE SUPPLY SIDE MANAGEMENT KEEPS PRICES OF MOST ESSENTIAL COMMODITIES UNDER CONTROL

AGRICULTURE: GVA REGISTERS BUOYANT GROWTH OF 3.9% IN 2021-22

RAILWAYS: CAPITAL EXPENDITURE SEES SUBSTANTIAL INCREASE TO Rs. 155,181 CRORE IN 2020-21; BUDGETED TO FURTHER INCREASE TO Rs. 215,058 CRORE IN 2021-22, A FIVE TIMES INCREASE COMPARED TO 2014 LEVEL

PER DAY ROAD CONSTRUCTION INCREASES TO 36.5 KMS IN 2020-21 – RISE OF 30.4 PERCENT COMPARED TO THE PREVIOUS YEAR

SDGs: OVERALL SCRORE ON NITI AAYOG DASHBOARD IMPROVES TO 66 IN 2020-21

New Delhi, 31st January, 2022

The Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman presented the Economic Survey 2021-22 in Parliament today. The highlights of the Economic Survey are as follows:

State of the Economy:

- Indian economy estimated to grow by 9.2 percent in real terms in 2021-22 (as per first advanced estimates) subsequent to a contraction of 7.3 percent in 2020-21.
- GDP projected to grow by 8- 8.5 percent in real terms in 2022-23.
- The year ahead poised for a pickup in private sector investment with the financial system in good position to provide support for economy's revival.
- Projection comparable with World Bank and Asian Development Bank's latest forecasts of real GDP growth of 8.7 percent and 7.5 percent respectively for 2022-23.
- As per IMF's latest World Economic Outlook projections, India's real GDP projected to grow at 9 percent in 2021-22 and 2022-23 and at 7.1 percent in 2023-2024, which would make India the fastest growing major economy in the world for all 3years.
- Agriculture and allied sectors expected to grow by 3.9 percent; industry by 11.8 percent and services sector by 8.2 percent in 2021-22.
- On demand side, consumption estimated to grow by 7.0 percent, Gross Fixed Capital Formation (GFCF) by 15 percent, exports by 16.5 percent and imports by 29.4 percent in 2021-22.
- Macroeconomic stability indicators suggest that the Indian Economy is well placed to take on the challenges of 2022-23.
- Combination of high foreign exchange reserves, sustained foreign direct investment, and rising export earnings will provide adequate buffer against possible global liquidity tapering in 2022-23.
- Economic impact of "second wave" was much smaller than that during the full lockdown phase in 2020-21, though health impact was more severe.
- Government of India's unique response comprised of safety-nets to cushion the impact on vulnerable sections of society and the business sector, significant increase in capital expenditure to spur growth and supply side reforms for a sustained long-term expansion.
- Government's flexible and multi-layered response is partly based on an "Agile" framework that uses feedback-loops, and the use of eighty High Frequency Indicators (HFIs) in an environment of extreme uncertainty.

Fiscal Developments:

- The revenue receipts from the Central Government (April to November, 2021) have gone up by 67.2 percent (YoY) as against an expected growth of 9.6 percent in the 2021-22 Budget Estimates (over 2020-21 Provisional Actuals).
- Gross Tax Revenue registers a growth of over 50 percent during April to November, 2021 in YoY terms. This performance is strong compared to pre-pandemic levels of 2019-2020 also.
- During April-November 2021, Capex has grown by 13.5 percent (YoY) with focus on infrastructure-intensive sectors.

- Sustained revenue collection and a targeted expenditure policy has contained the fiscal deficit for April to November, 2021 at 46.2 percent of BE.
- With the enhanced borrowings on account of COVID-19, the Central Government debt has gone up from 49.1 percent of GDP in 2019-20 to 59.3 percent of GDP in 2020-21, but is expected to follow a declining trajectory with the recovery of the economy.

<u>External Sectors:</u>

- India's merchandise exports and imports rebounded strongly and surpassed pre-COVID levels during the current financial year.
- There was significant pickup in net services with both receipts and payments crossing the pre-pandemic levels, despite weak tourism revenues.
- Net capital flows were higher at US$ 65.6 billion in the first half of 2021-22, on account of continued inflow of foreign investment, revival in net external commercial borrowings, higher banking capital and additional special drawing rights (SDR) allocation.
- India's external debt rose to US $ 593.1 billion at end-September 2021, from US $ 556.8 billion a year earlier, reflecting additional SDR allocation by IMF, coupled with higher commercial borrowings.
- Foreign Exchange Reserves crossed US$ 600 billion in the first half of 2021-22 and touched US $ 633.6 billion as of December 31, 2021.
- As of end-November 2021, India was the fourth largest forex reserves holder in the world after China, Japan and Switzerland.

<u>Monetary Management and Financial Intermediation:</u>

- The liquidity in the system remained in surplus.
  - Repo rate was maintained at 4 per cent in 2021-22.
  - RBI undertook various measures such as G-Sec Acquisition Programme and Special Long-Term Repo Operations to provide further liquidity.
- The economic shock of the pandemic has been weathered well by the commercial banking system:
  - YoY Bank credit growth accelerated gradually in 2021-22 from 5.3 per cent in April 2021 to 9.2 per cent as on 31st December 2021.
  - The Gross Non-Performing Advances ratio of Scheduled Commercial Banks (SCBs) declined from 11.2 per cent at the end of 2017-18 to 6.9 per cent at the end of September, 2021.
  - Net Non-Performing Advances ratio declined from 6 percent to 2.2 per cent during the same period.
  - Capital to risk-weighted asset ratio of SCBs continued to increase from 13 per cent in 2013-14 to 16.54 per cent at the end of September 2021.

  - The Return on Assets and Return on Equity for Public Sector Banks continued to be positive for the period ending September 2021.
- Exceptional year for the capital markets:
  - Rs. 89,066 crore was raised via 75 Initial Public Offering (IPO) issues in April-November 2021, which is much higher than in any year in the last decade.
  - Sensex and Nifty scaled up to touch peak at 61,766 and 18,477 on October 18, 2021.
  - Among major emerging market economies, Indian markets outperformed peers in April-December 2021.

<u>Prices and Inflation:</u>

- The average headline CPI-Combined inflation moderated to 5.2 per cent in 2021-22 (April-December) from 6.6 per cent in the corresponding period of 2020-21.
  - The decline in retail inflation was led by easing of food inflation.
  - Food inflation averaged at a low of 2.9 per cent in 2021-22 (April to December) as against 9.1 per cent in the corresponding period last year.
  - Effective supply-side management kept prices of most essential commodities under control during the year.
  - Proactive measures were taken to contain the price rise in pulses and edible oils.
  - Reduction in central excise and subsequent cuts in Value Added Tax by most States helped ease petrol and diesel prices.
- Wholesale inflation based on Wholesale Price Index (WPI) rose to 12.5 per cent during 2021-22 (April to December).
  - This has been attributed to:
    - Low base in the previous year,
    - Pick-up in economic activity,
    - Sharp increase in international prices of crude oil and other imported inputs, and
    - High freight costs.
- Divergence between CPI-C and WPI Inflation**:**
  - The divergence peaked to 9.6 percentage points in May 2020.
  - However, this year there was a reversal in divergence with retail inflation falling below wholesale inflation by 8.0 percentage points in December 2021.
  - This divergence can be explained by factors such as:
    - Variations due to base effect,
    - Difference in scope and coverage of the two indices,
    - Price collections,
    - Items covered,
    - Difference in commodity weights, and
    - WPI being more sensitive to cost-push inflation led by imported inputs.

- With the gradual waning of base effect in WPI, the divergence in CPI-C and WPI is also expected to narrow down.

Sustainable Development and Climate Change:

- India's overall score on the NITI Aayog SDG India Index and Dashboard improved to 66 in 2020-21 from 60 in 2019-20 and 57 in 2018-19.
- Number of Front Runners (scoring 65-99) increased to 22 States and UTs in 2020-21 from 10 in 2019-20.
- In North East India, 64 districts were Front Runners and 39 districts were Performers in the NITI Aayog North-Eastern Region District SDG Index 2021-22.
- India has the tenth largest forest area in the world.
- In 2020, India ranked third globally in increasing its forest area during 2010 to 2020.
- In 2020, the forests covered 24% of India's total geographical, accounting for 2% of the world's total forest area.
- In August 2021, the Plastic Waste Management Amendment Rules, 2021, was notified which is aimed at phasing out single use plastic by 2022.
- Draft regulation on Extended Producer Responsibility for plastic packaging was notified.
- The Compliance status of Grossly Polluting Industries (GPIs) located in the Ganga main stem and its tributaries improved from 39% in 2017 to 81% in 2020.
- The consequent reduction in effluent discharge has been from 349.13 millions of litres per day (MLD) in 2017 to 280.20 MLD in 2020.
- The Prime Minister, as a part of the national statement delivered at the 26th Conference of Parties (COP 26) in Glasgow in November 2021, announced ambitious targets to be achieved by 2030 to enable further reduction in emissions.
- The need to start the one-word movement 'LIFE' (Lifestyle for Environment) urging mindful and deliberate utilization instead of mindless and destructive consumption was underlined.

Agriculture and Food Management:

- The Agriculture sector experienced buoyant growth in past two years, accounting for a sizeable 18.8% (2021-22) in Gross Value Added (GVA) of the country registering a growth of 3.6% in 2020-21 and 3.9% in 2021-22.
- Minimum Support Price (MSP) policy is being used to promote crop diversification.
- Net receipts from crop production have increased by 22.6% in the latest Situation Assessment Survey (SAS) compared to SAS Report of 2014.

- Allied sectors including animal husbandry, dairying and fisheries are steadily emerging to be high growth sectors and major drivers of overall growth in agriculture sector.
- The Livestock sector has grown at a CAGR of 8.15% over the last five years ending 2019-20. It has been a stable source of income across groups of agricultural households accounting for about 15% of their average monthly income.
- Government facilitates food processing through various measures of infrastructure development, subsidized transportation and support for formalization of micro food enterprises.
- India runs one of the largest food management programmes in the world.
- Government has further extended the coverage of food security network through schemes like PM Gareeb Kalyan Yojana (PMGKY).

Industry and Infrastructure:

- Index of Industrial Production (IIP) grew at 17.4 percent (YoY) during April-November 2021 as compared to (-)15.3 percent in April-November 2020.
- Capital expenditure for the Indian railways has increased to Rs. 155,181 crores in 2020-21 from an average annual of Rs. 45,980 crores during 2009-14 and it has been budgeted to further increase to Rs. 215,058 crores in 2021-22 – a five times increase in comparison to the 2014 level.
- Extent of road construction per day increased substantially in 2020-21 to 36.5 Kms per day from 28 Kms per day in 2019-20 – a rise of 30.4 percent.
- Net profit to sales ratio of large corporates reached an all-time high of 10.6 percent in in July-September quarter of 2021-22 despite the pandemic (RBI Study).
- Introduction of Production Linked Incentive (PLI) scheme, major boost provided to infrastructure-both physical as well as digital, along with measures to reduce transaction costs and improve ease of doing business, would support the pace of recovery.

Services:

- GVA of services crossed pre-pandemic level in July-September quarter of 2021-22; however, GVA of contact intensive sectors like trade, transport, etc. still remain below pre-pandemic level.
- Overall service Sector GVA is expected to grow by 8.2 percent in 2021-22.
- During April-December 2021, rail freight crossed its pre-pandemic level while air freight and port traffic almost reached their pre-pandemic levels, domestic air and rail passenger traffic are increasing gradually – shows impact of second wave was much more muted as compared to during first wave.

- During the first half of 2021-22, service sector received over US$ 16.7 billion FDI – accounting for almost 54 percent of total FDI inflows into India.
- IT-BPM services revenue reached US$ 194 billion in 2020-21, adding 1.38 lakh employees during the same period.
- Major government reforms include, removing telecom regulations in IT-BPO sector and opening up of space sector to private players.
- Services exports surpassed pre-pandemic level in January-March quarter of 2020-21 and grew by 21.6 percent in the first half of 2021-22 - strengthened by global demand for software and IT services exports.
- India has become 3rd largest start-up ecosystem in the world after US and China. Number of new recognized start-ups increased to over 14000 in 2021-22 from 733 in 2016-17.
- 44 Indian start-ups have achieved unicorn status in 2021 taking overall tally of unicorns to 83, most of which are in services sector.

Social Infrastructure and Employment:

- 157.94 crore doses of COVID-19 vaccines administered as on 16th January 2022; 91.39 crore first dose and 66.05 crore second dose.
- With revival of economy, employment indicators bounced back to pre-pandemic levels during last quarter of 2020-21.
- As per the quarterly Periodic Labour Force Survey (PFLS) data up to March 2021, employment in urban sector affected by pandemic has recovered almost to the pre-pandemic level.
- According to Employees Provident Fund Organisation (EPFO) data, formalization of jobs continued during second COVID wave; adverse impact of COVID on formalization of jobs much lower than during the first COVID wave.
- Expenditure on social services (health, education and others) by Centre and States as a proportion of GDP increased from 6.2 % in 2014-15 to 8.6% in 2021-22 (BE)
- As per the National Family Health Survey-5:
  - Total Fertility Rate (TFR) came down to 2 in 2019-21 from 2.2 in 2015-16
  - Infant Mortality Rate (IMR), under-five mortality rate and institutional births have improved in 2019-21 over year 2015-16
- Under Jal Jeevan Mission (JJM), 83 districts have become 'Har Ghar Jal' districts.
- Increased allotment of funds to Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) to provide buffer for unorganized labour in rural areas during the pandemic.

RM/BY/MV/LP/RC/SSV/AKS/PB

Economic Survey 2021-22

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SUMMARY OF THE ECONOMIC SURVEY 2021-22

INDIA TO CLOCK 8.0-8.5 % GROWTH IN 2022-23

AS PER WORLD BANK, ADB AND IMF PROJECTIONS, INDIA TO REMAIN THE FASTEST GROWING MAJOR ECONOMY IN THE WORLD DURING 2021-24

INDIAN ECONOMY TO GROW BY 9.2% IN REAL TERMS IN 2021-22

AGRICULTURE TO GROW BY 3.9 % IN 2021-22 IN COMPARISON TO 3.6% IN THE PREVIOUS YEAR

INDUSTRIAL SECTOR TO WITNESS SHARP REBOUND FROM A CONTRACTION OF 7% IN 2020-21 TO EXPANSION OF 11.8% IN 2021-22

SERVICES TO CLOCK 8.2% GROWTH IN 2021-22 AFTER A CONTRACTION OF 8.4% LAST YEAR

FOREIGN EXCHANGE RESERVES STOOD AT US$ 634 BILLION AS ON 31ST DECEMBER 2021 EQUIVALENT TO OVER 13 MONTHS OF IMPORTS AND HIGHER THAN COUNTRY'S EXTERNAL DEBT

INVESTMENT IS EXPECTED TO SEE A STRONG GROWTH OF 15% IN 2021-22

CONSUMER PRICE INDEX (CPI) COMBINED INFLATION OF 5.6% IN DECEMBER 2021 IS WELL WITHIN TARGETED TOLERANCE BAND

FISCAL DEFICIT FOR APRIL-NOVEMBER 2021 CONTAINED AT 46.2% OF BUDGET ESTIMATES

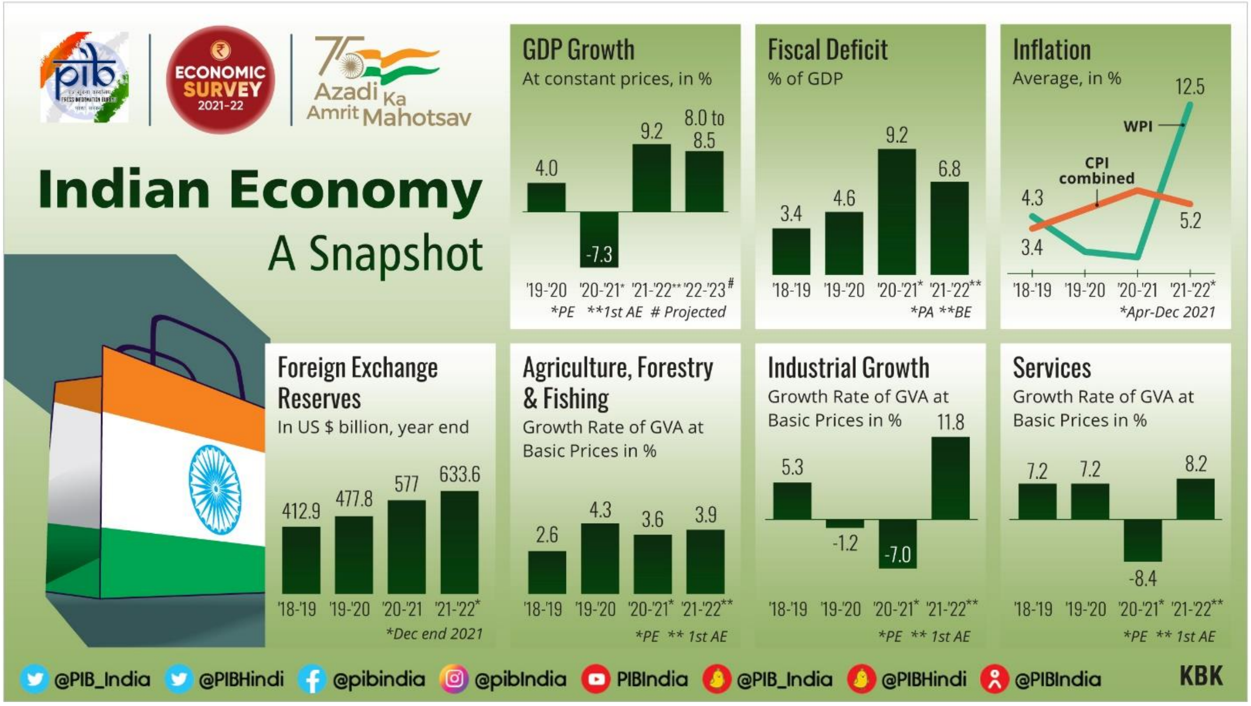
CAPITAL MARKET BOOMS DESPITE PANDEMIC; OVER RS 89 THOUSAND CRORE RAISED VIA 75 IPO ISSUES IN APRIL-NOVEMBER 2021, MUCH HIGHER THAN IN ANY YEAR IN THE LAST DECADE

MACRO-ECONOMIC STABILITY INDICATORS SUGGEST INDIAN ECONOMY WELL PLACED TO FACE CHALLENGES OF 2022-23

New Delhi, 31st January, 2022

India to witness GDP growth of 8.0-8.5 per cent in 2022-23, supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending.

The Union Minister for Finance & Corporate Affairs Smt Nirmala Sitharaman tabled the Economic Survey 2021-22 in Parliament today, which states that the year ahead is well poised for a pick-up in private sector investment with the financial system in a good position to provide support to the revival of economy. The growth projection for 2022-23 is based on the assumption that there will be no further debilitating pandemic related economic disruption, monsoon will be normal, withdrawal of global liquidity by major central banks will be broadly orderly, oil prices will be in the range of US$70-$75/bbl, and global supply chain disruptions will steadily ease over the course of the year.



The Survey says, 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.

Azadi Ka Amrit Mahotsav

ECONOMIC SURVEY 2021-22

STATE OF THE ECONOMY (1/2)

INDIAN ECONOMY ESTIMATED TO GROW BY 9.2% IN REAL TERMS IN 2021-22

Factors to support growth in 2022-23

- Widespread vaccine coverage
- Gains from supply-side reforms
- Easing of regulations
- Robust export growth
- Ramped up capital spending

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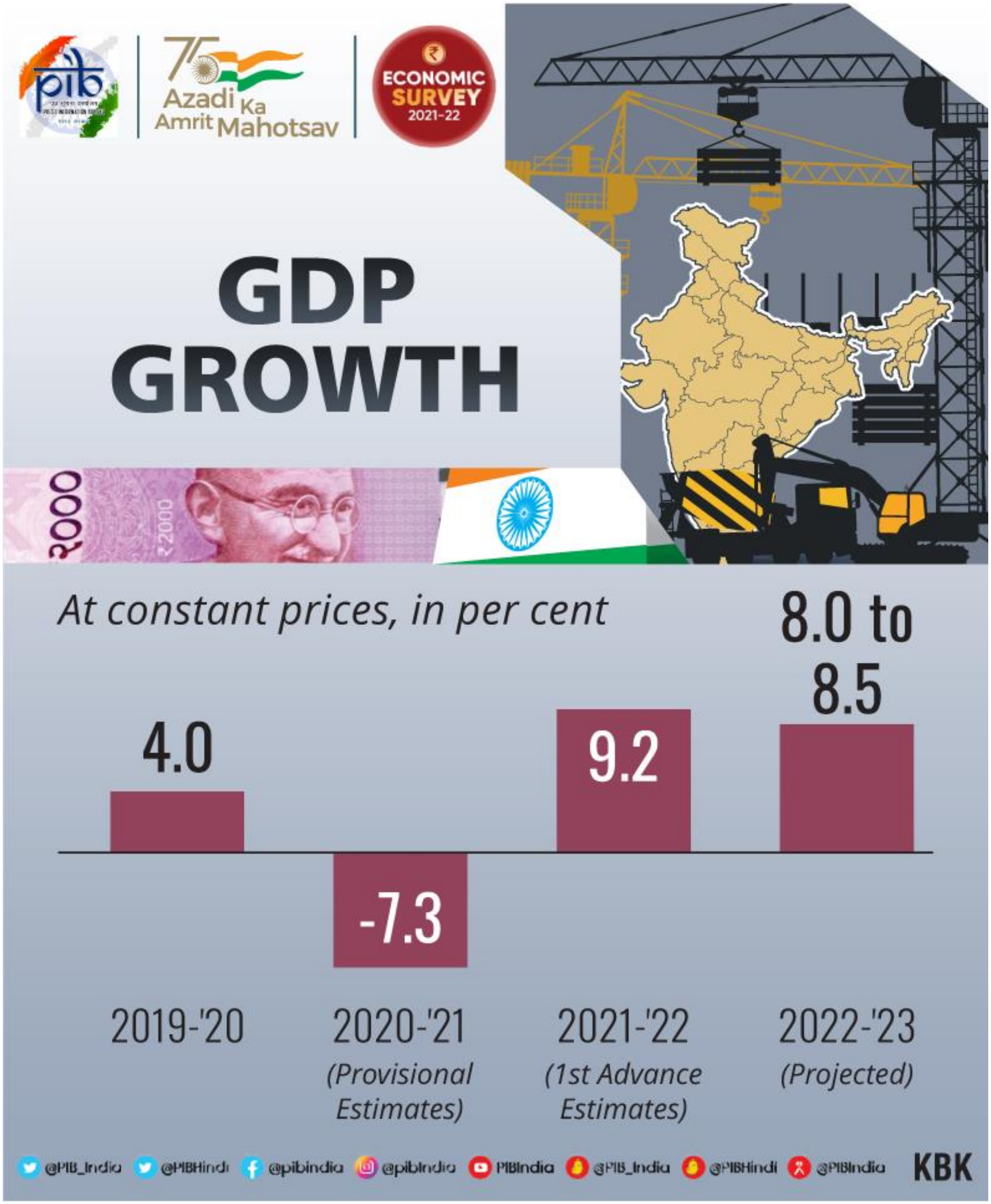
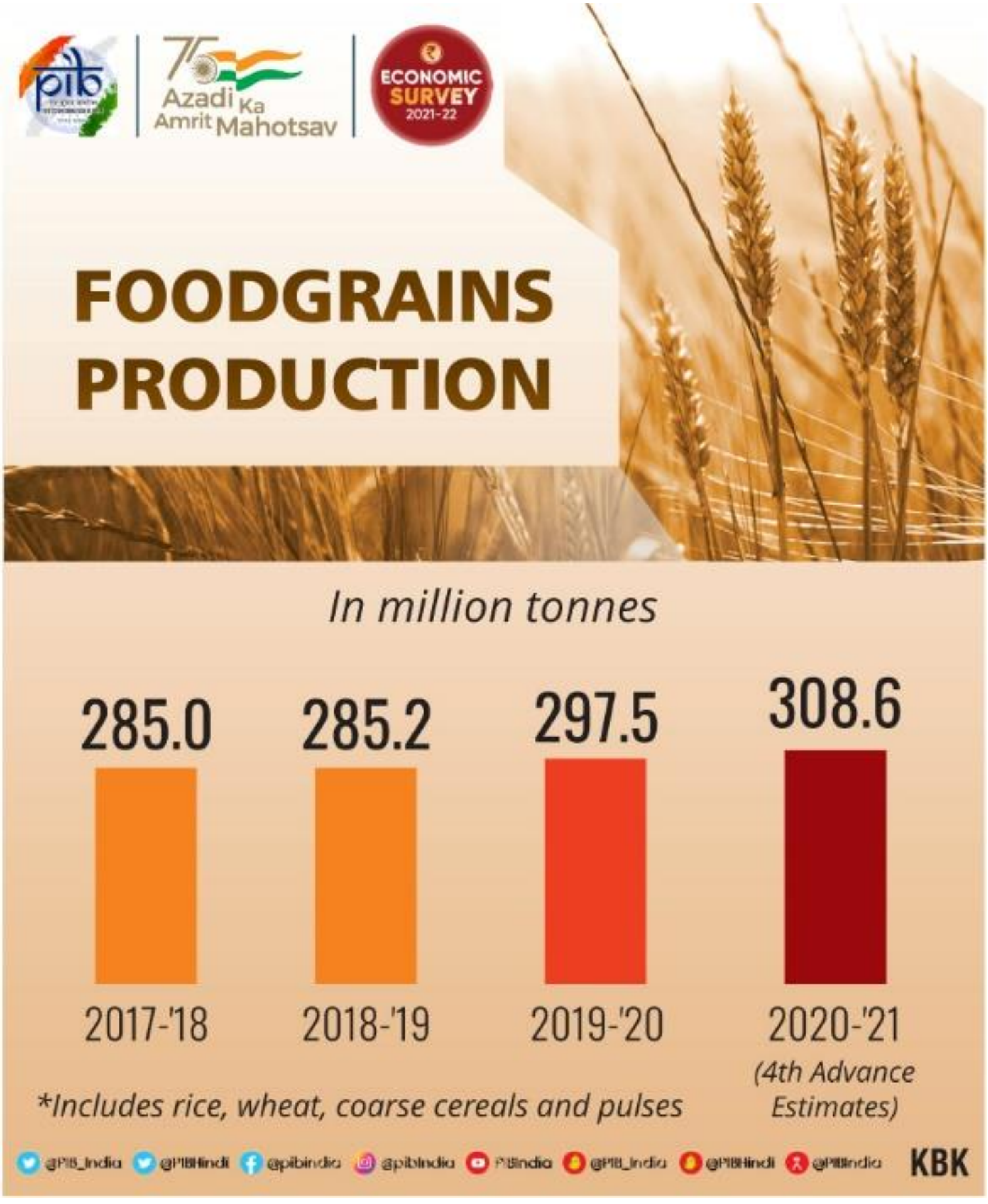
Referring to First Advance Estimates, the Survey states that the Indian economy is estimated to grow by 9.2 per cent in real terms in 2021-22, after a contraction of 7.3 per cent in 2020-21. This implies that overall economic activity has recovered past the pre-pandemic levels.

Almost all indicators show that the economic impact of the "second wave" in Q1 was much smaller than that experienced during the full lockdown phase in 2020-21, even though the health impact was more severe.



Dwelling on the sectoral aspects, the Survey states that Agriculture and allied sectors have been the least impacted by the pandemic and the sector is expected to grow by 3.9 per cent in 2021-22 after growing by 3.6 per cent in the previous year. The area sown under Kharif and Rabi crops, and the production of wheat and rice has been steadily increasing over the years. In the current year, food grains production for the Kharif season is estimated to post a record level of 150.5 million tonnes. Moreover, procurement of food grains under the central pool accordingly maintained its rising trend in 2021-22 along with minimum support prices, which augur well for national food security and farmers' incomes. Importantly, the strong performance of the sector was supported by Government policies that ensured timely supplies of seed and fertilizers despite pandemic related disruptions. It was helped by good monsoon rains as reflected in reservoir levels being higher than the 10-year average.



According to Survey, the industrial sector went through a sharp rebound from a contraction of 7 per cent in 2020-21 to an expansion of 11.8 per cent in this financial year. The manufacturing, construction and mining sub-sectors went through the same swing although the utilities segment experienced a more muted cycle as basic services such as electricity and water supply were maintained even at the height of the national lockdown. The share of industry in GVA is now estimated at 28.2 per cent.

The Survey states that the services sector has been the hardest hit by the pandemic, especially segments that involve human contact. This sector is estimated to grow by 8.2 per cent this financial year following last year's 8.4 per cent contraction. It should be noted that there is a wide dispersion of performance by different sub-sectors. Both the finance /Real Estate and the Public Administration segments are now well above pre-COVID levels. However, segments like Travel, Trade and hotels are yet to fully recover. There has been a boom in software and IT-enabled services exports even as earnings from tourism have declined sharply.

The Survey added that total consumption is estimated to have grown by 7.0 per cent in 2021-22 with government consumption remaining the biggest contributor as in the previous year. Government consumption is estimated to grow by a strong 7.6 per cent surpassing pre-pandemic levels. Private consumption is also estimated to have improved significantly to recover 97 per cent of corresponding pre-pandemic output level and it is poised to see stronger recovery with rapid coverage in vaccination and faster normalization of economic activity.

According to the Survey, Investment, as measured by Gross Fixed Capital Formation (GFCF) is expected to see strong growth of 15 per cent in 2021-22 and achieve full recovery of pre-pandemic level. Government's policy thrust on quickening virtuous cycle of growth via capex and infrastructure spending has increased capital formation in the economy lifting the investment of GDP ratio to about 29.6 per cent in 2021-22, the highest in seven years. While private investment recovery is still at a nascent stage, there are many signals which indicate that India is poised for stronger investment. A sturdy and cleaned-up banking sector stands ready to support private investment adequately.

On the Exports and Imports front, the Survey states that India's exports of both goods and services have been exceptionally strong so far in 2021-22. Merchandise exports have been above US$30 billion for eight consecutive months in 2021-22, despite many pandemic related global supply constraints. Net services exports have also risen sharply, driven by professional and management consulting services, audio visual and related services, freight transport services, telecommunications, computer and information services. From a demand perspective, India's total exports are expected to grow by 16.5 per cent in 2021-22 surpassing pre-pandemic levels. Imports also recovered strongly with revival of domestic demand and continuous rise in price of imported crude and metals. Imports are expected to grow by 29.4 per cent in 2021-22 surpassing corresponding pre-pandemic levels. Resultantly, India's net exports have turned negative in the first half of 2021-22, compared to a surplus in the corresponding period of 2020-21. But current account deficit is expected to remain within manageable limits.

Further, the Survey points out that despite all the disruptions caused by the global pandemic, India's balance of payments remained in surplus throughout the last two years. This allowed the Reserve Bank of India to keep accumulating foreign exchange reserves, which stand at US$634 billion on 31st December 2021. This is equivalent to 13.2 months of imports and higher than the country's external debt.

The Survey notes that inflation has reappeared as a global issue in both advanced and emerging economies. The surge in energy prices, non-food commodities, input prices, disruption of global supply chains, and rising freight costs stoked global inflation during the year. In India, Consumer Price Index (CPI) inflation moderated to 5.2 per cent in 2021-22 (April-December) from 6.6 per cent in the corresponding period of 2020-21. It was 5.6 per cent (YoY) in December 2021, which is within the targeted tolerance band. The decline in retail inflation in 2021-22 was led by easing of food inflation. Wholesale Price Inflation (WPI), however, has been running in double-digits.

The Survey says that fiscal support given to the economy as well as the health response caused the fiscal deficit and government debt to rise in 2020-21. However, there has been a strong rebound in government revenues in 2021-22 so far. The revenue receipts of the central government during April-November 2021 have gone up by 67.2 per cent (YOY), as against an expected growth of 9.6 per cent in the 2021-22 Budget Estimates over provisional actuals. The tax collections have been buoyant for both direct and indirect taxes and the gross monthly GST collections have crossed Rs 1 lakh crore consistently since July 2021.

It adds that on the account of a sustained revenue collection and a targeted expenditure policy by the Government of India, the fiscal deficit for April-November 2021 has been contained at 46.2 per cent of Budget Estimates (BE) which is nearly one third of the proportion reached during the same period of the previous two years (135.1% of BE in April-November 2020 and 114.8% of BE in April-November 2019).

The Survey points out that the financial sector is always a possible area of stress during turbulent times. However, India's capital markets have done exceptionally well and have allowed record mobilization of risk capital of Indian companies. The Sensex and Nifty scaled up to touch its peak at 61,766 and 18,477 on October 18, 2021. Rs 89,066 crore was raised via 75 IPO issues in April- November 2021, much higher than in any year in the last decade. Moreover, the banking system is well capitalized and NPAs seems to have structurally declined. The Gross Non-Performing Advances (GNPA) ratio (i.e. GNPAs as a percentage of Gross Advances) and Net Non-Performing Advances (NNPA) ratio of Scheduled Commercial banks (SCBs) continued to decline since 2018-19. GNPA ratio of SCBs decreased from 7.5 per cent at end-September 2020 to 6.9 per cent at end-September 2021.

The Survey expresses that another distinguishing feature of India's economic response has been an emphasis on supply-side reforms rather than a total reliance on demand management. These supply-side reforms include deregulation of numerous sectors, simplification of processes, removal of legacy issues like 'retrospective tax', privatization, production-linked incentives and so on. Even the sharp increase in capital spending by the Government can be seen as both demand and supply response as it creates infrastructure capacity for future growth.

There are two common themes in India's supply-side strategy: (i) Reforms that improve flexibility and innovation in order to deal with the long-term unpredictability of the post-Covid world. This includes factor market reforms; deregulation of sectors like space, drones, geospatial mapping, trade finance factoring; process reforms like those in government procurement and in telecommunications sector; removal of legacy issues like retrospective tax; privatization and monetization, creation of physical infrastructure, and so on. (ii) Reforms aimed at improving the resilience o the Indian economy. These range from climate/environment related policies; social infrastructure such as public provision of tap water, toilets, basic housing, insurance for the poor, and so on; support for key industries under Atmanirbhar Bharat; a strong emphasis on reciprocity in foreign trade agreements, and so on.

An important theme that has been discussed through the course of the Economic Survey is that of 'process reforms'. It is important to distinguish between deregulation and process reforms. The former relates to reducing or removing the role of government from a particular activity. In contrast, the latter broadly relates to simplification and smoothening of the process for activities where the government's presence as a facilitator or regulator is necessary.

The Survey points out that the last two years have been difficult for the world economy on account of the COVID-19 pandemic. Repeated waves of infection, supply-chain disruptions and more recently, global inflation have created particularly challenging times for policy-making. Faced with these challenges, the Government of India opted for a ' Barbell Strategy" that combined a bouquet of safety-nets to cushion the impact on vulnerable sections of society and the business sector. It next pushed through a significant increase in capital expenditure on infrastructure to build back medium-term demand as well as aggressively implemented supply-side measures to prepare the economy for the sustained long-term expansion. This flexible and multi-layered approach is partly based on an “Agile” framework that used feedback-loops, and the monitoring of real-time data.

The Survey underlines that Monetary policy since the outbreak of the pandemic was calibrated to provide a cushion and support growth, but carefully controlled in order to avoid the medium term dislocations of excess liquidity. An important aspect of the safety-net was the use of Government guarantees to provide access to financial support to the economy in general and MSMEs in particular. In the last two years, government leveraged an array of eighty High Frequency Indicators (HFIs) representing industry, services, global trends, macro-stability indicators and several other activities, from both public and private sources to gauge the underlying state of the economy on a real-time basis. These HFIs helped policy makers tailor their response to an evolving situation rather than rely on pre-defined responses of a Waterfall framework, which has been the conventional method for framing policy in India and most of the world.

In conclusion, the Survey is quite optimistic that overall macro-economic stability indicators suggest that the Indian Economy is well placed to take on the challenges of 2022-23 and one of the reasons that the Indian Economy is in good position is its unique response strategy.

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RM/SNC/SKS