



**MERCHANTS'
CHAMBER
OF COMMERCE
& INDUSTRY**

June 2022

MCCI ECONOMY WATCH



Message from President

The world economy is going through a challenging time, global growth is projected to slowdown from an estimated 6.1 percent in 2021 to 3.6 percent in 2022. Right when the global economy seemed to be at the cusp of witnessing green shoots of recovery after regaining its momentum from the Covid-19 Pandemic, the Russia-Ukraine crisis escalated. The economic damage from the conflict is contributing to a significant slowdown in global growth in 2022 and adding to inflation. Prices of crude oil and gas, food grains such as wheat and corn and several other commodities have shot up, hitting vulnerable populations in low-income countries in a hard way. Indian economy is facing high inflation, widening trade deficit and foreign portfolio investment outflow.

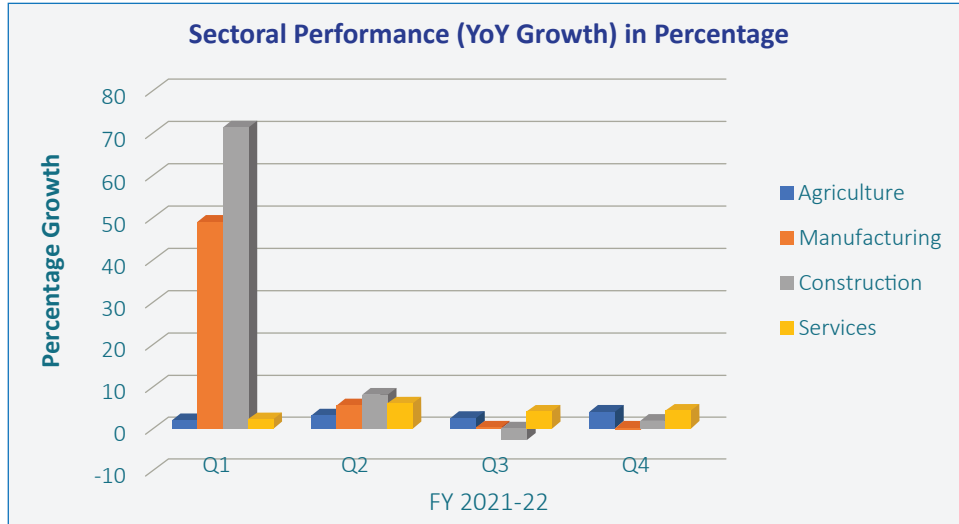
However, with growth enhancing policies and schemes, government's push towards self-reliance, increased infrastructure spending will surely have a multiplier effect on the economic growth. We are optimistic about the RBI's policy stance to tackle inflation.

Rishabh C Kothari
President, MCCI

- As per the 'Fourth Advance Estimate' of principal crops, food grain production in India is estimated at 308.65 million tonnes in FY21, an increase of 11.14 million tonnes compared with FY20.
- Private consumption stood at 57.5% of the nominal GDP for FY 22, indicating that it is becoming a macro growth driver.
- PMI Services was at 53.6 in March 2022 marginally improving from the previous month.
- Power consumption saw a 19% growth in March 2022 compared to February, indicating growth and improvement in economic activities.
- As of April 22, 2022, reserve money stood at Rs. 4,002,311 crore (US\$ 523.6 billion).
- As of April 22, 2022, currency in circulation (CiC) registered Rs. 3,209,394 crore (US\$ 419.86 billion).
- In April 2022, Foreign Portfolio Investment (FPI) outflows stood at US\$ 2.96 billion.
- India's COVID-19 vaccination coverage has exceeded 193.83 Cr. Over 3.42 Cr 1st dose vaccines administered for age group 12-14 years

Real GDP Growth

1. GDP has grown 4.1% in Q4 2021-2022. The overall growth for the financial year 2021-22 is estimated at 8.7%, down from the estimate of 8.8 %.
2. On the supply side, the manufacturing sector contracted 0.2% in the March Quarter due to supply chain disruption, while agriculture growth remained robust.

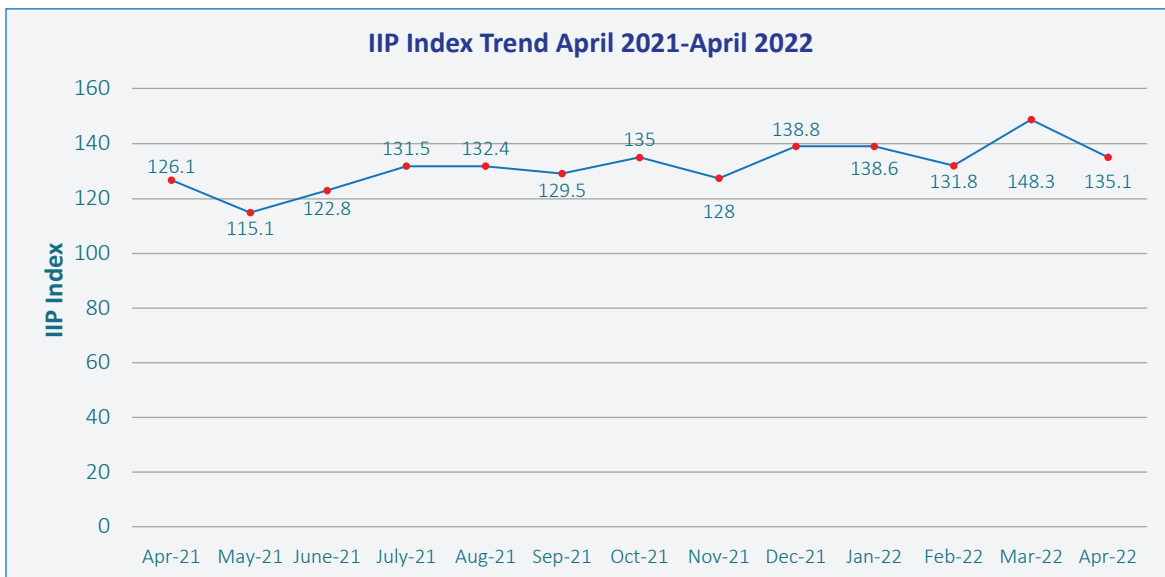


Source: MOSPI

Index of Industrial Production

1. The Index of Industrial Production (IIP) for April 2022 stood at 135.1 compared to 148.3 in March 2022 and 132.1 in February 2022 thereby registering an annual growth of 7.1 % in April 2022 as compared to 1.9 % seen in the previous month.
2. The improvement in IIP growth was supported largely by the electricity which grew by 11.8% and the manufacturing sector has grown to 6.3% from 0.9% seen in last month. While in the mining sector the growth rate has increased to 7.8% from 4.5% seen in the last month.

IIP trend from April 2021 to April 2022 is given in the following figure:



Source: MOSPI

● Inflation

1. India's retail inflation (CPI) has registered at 7.04% in May 2022 compared to 7.79% in April 2022.
2. Food Inflation which accounts for nearly half of the CPI basket stood at 7.97% YoY in May 2022, compared to 8.38% in the previous month.
3. Wholesale inflation (WPI) jumped at 15.8 % in April from 14.5 % due to sharp rise in commodity prices including crude oil. WPI food index declined to 8.35 % in March from 8.71 % per cent in the previous month.

● Foreign Trade

1. India's merchandise exports stood at US\$ 37.29 billion in May 2022, an increase of 15.46 % over US\$ 32.30 billion in May 2021.
2. Non-petroleum and non-gems & jewellery exports in May 2022 were USD 26.08 Billion, registering a positive growth of 8.57% compared to May 2021.
3. India's merchandise import stood at US\$ 60.62 billion in May 2022 with 56.14% of growth rate.
4. The trade deficit was US\$ 23.33 in May 2022 compared to deficit of US\$ 6.53 in May 2021.

Total Trade in Merchandise Good in May			
	Value in US\$ Billion		Growth
	May 2022	May 21	
Export	37.39	32.30	15.46
Import	60.62	38.83	56.14
Deficit	23.33	6.53	-

● Banking & Financial Indicators

a. Banking:

Indicators	Outstanding on May 20, 2022	% Variation over Fortnight	% Variation over Year
Total Bank Credit	120,27,305	-0.10	12.10
Food Credit	53,254		
Non- Food Credit	119,74,051		
Aggregate Deposit	165,74,213	-0.70	9.30
Broad Money (M3)	206,80,442	-0.60	8.80
Credit Deposit Ratio	71.92 (as on 2nd May, 2022)		

Source: RBI

b. Banking Rates:

Indicators	Actual Rates as on June 3, 2022	% Variation over One Month
Cash Reserve Ratio	4.50	0.50
Statutory Liquidity Ratio	18.00	0.00
Policy Repo Rate	4.40	0.40
Fixed Reverse Repo Rate	3.35	0.00
Bank Rate	4.65	0.35

Source: RBI

Equity Market

a. Global Stock Indices:

Global Market Stock Indices witnessed the negative trends over the last week. The highest contraction was witnessed by Nasdaq 100 Index.

Global Stock Indices	Closing Value as on 13th June, 2022 (US\$ Billion)	Change (%) from last closing value
NYSE: DJIA	31,392.79	-2.73
FTSE 100	7,317.52	-2.12
Nikki 225	27,042.12	-2.18
S & P/ ASX 200	6,932.00	-1.25
KOSPI	2,511.96	-3.23
Nasdaq 100	11,340.02	-3.52
S & P 500	3,900.86	-2.91
Hang Seng Index	21,193.95	-2.81

Source: Yahoo Finance

b. Indian Stock Indices:

Indian Stock Market Indices witnessed negative trends over the past week. S&P CNX NIFTY expanded the most.

Indian Stock Indices	Closing Value as on 13th June, 2022 (US\$ Billion)	Change (%) from the last closing value
BSE Sensex	52,893.13	-3.99
BSE 50	16,581.69	-2.48
S & P CNX NIFTY	15,789.20	-2.78
NIFTY Bank	33,329.35	-3.24

Source: BSE, NSE

c. BSE Sectoral Indices:

BSE Sectoral Indices witnessed negative trends over the last week. Bankex highly contracted.

BSE Indices		
Auto Index	25,577.35	-1.46
Bankex	38,428.77	-3.29
Capital Goods	25,909.35	-2.58
Consumer Durables	35,624.77	-1.90
Energy	8,199.77	-2.13
Finance	7,154.58	-3.21
FMCG	13,627.90	-0.64
Health Care	21,756.03	-1.25
Metal Index	17,199.39	-2.38
Oil & Gas Index	18,572.91	-2.07
Power Index	4,052.57	-0.36
Teck Index	13,002.92	-2.76

Source: BSE

d. Global Stock Exchange Future:

Global Future Indices witnessed mixed trends over the last fortnight. Russell 2000 Future expanded highly while Nasdaq 100 contracted highly.

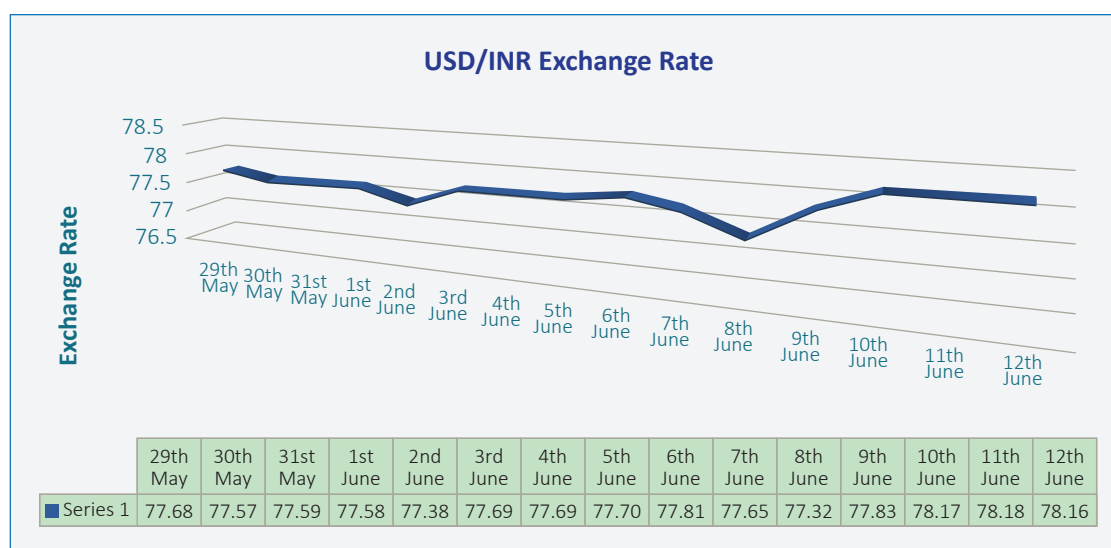
Future Indices	Closing Value as on 13th June, 2022 (US\$ Billion)	Change (%) from the last closing value
Russell 2000 Future	1,749.60	-1.70
Nasdaq 100	11,589.00	-2.12
S & P 500	3,834.75	-1.65
NYSE: DIJA	30,995.00	-1.25

Source: Yahoo Finance

● Currency Market

a. Global Stock Exchange Future:

In the last fortnight INR depreciated against the US dollar by 0.0048% to stand at 78.16/USD.



Source: RBI

b. Foreign Exchange Reserve:

The value of the Total Foreign Reserve depreciated by 1.9 % as on 6th May 2022 over the past fortnight to stand at USD 595.6 billion. Over the fiscal year the expansion of the total reserve stood at 1.08%.

USD Billion	Value as on 3rd June 2022	Variation over	
		Fortnight	Fiscal
Total Reserves	601.05	-6.25	-3.95
Foreign Currency Assets	536.77	-3.94	-241.11
Gold	40.84	-1.70	3.2
SDRs	18.41	-0.48	16.8
Reserve Position in the IMF	5.02	-0.12	0.02

Source: RBI

Commodity Future Indices

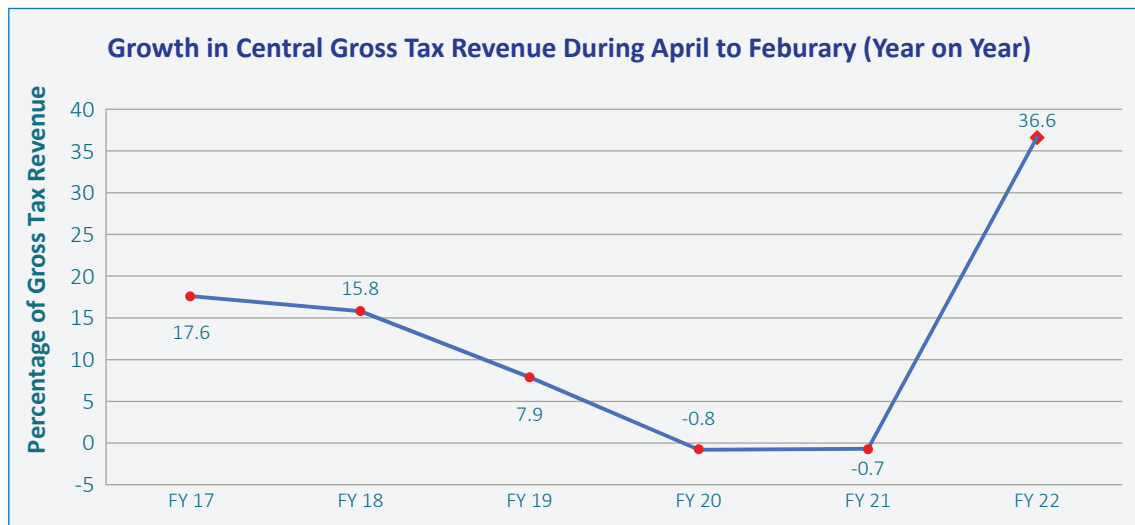
1. Spot price for Brent Crude oil stood at USD 120.18 per barrel while London spot price for Gold was at USD 1,830.00 per ounce as on 10th June, 2022.
2. MCX commodity composite index and the base metal index contracted by -1.37% and -1.51% respectively over the week.

Commodity Future Indices	Closing Value as on 10th June, 2022	Weekly Change (%)
Brent Crude (\$/Barrel)	120.18	-1.50
London Spot Gold (\$/Ounce)	1,830.00	1.29
iCOMDEX Composite	14,734.14	-1.37
iCOMDEX Base Metals	19,303.01	-1.51
Coal (\$/Ton)	317.75	-1.78
Cotton (\$/lb)	1.44	-1.37

Source: EIA, KITCO, MCX

Tax Revenues

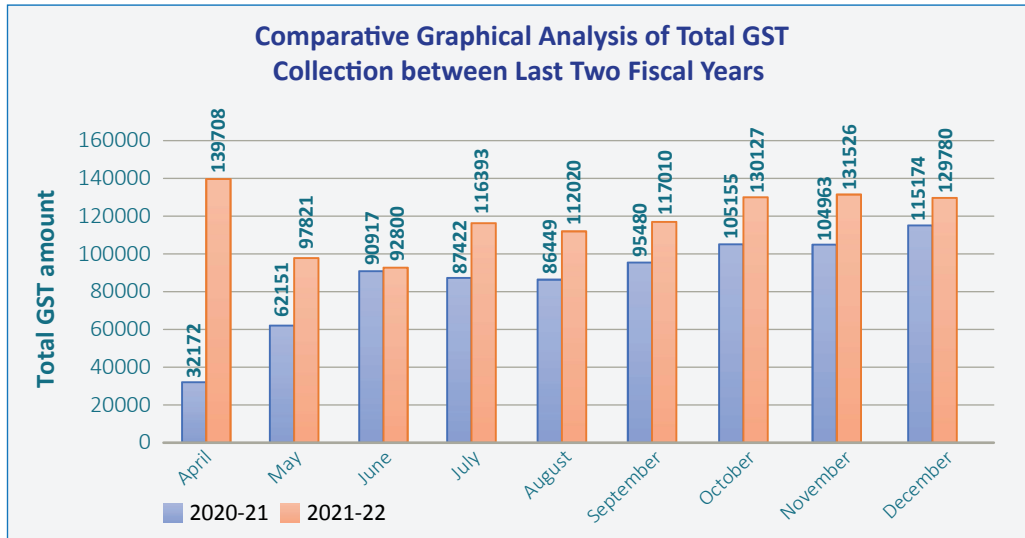
1. Gross tax revenues grew by 36.6% during April-February FY22 with growth in direct and indirect taxes at 53.3% and 23.3% respectively.
2. Gross Tax Revenue during the first ten months of FY22 stood at 83.4%, higher than the corresponding average ratio of 73.6% during the five-year period from FY17 to FY21.



Source: CGA, Govt. of India)

a. Good and Service Tax (GST):

1. The GST revenue for the month of May stood at INR 1,40,885 crore.
2. GST collection crossed INR 1.40 lakh crore mark 4th time since inception of GST; 3rd month at a stretch since March 2022.
3. The robust collection in May has further boosted the economic activities and cushioned some of the impact from the tax cuts it carried out recently to fight inflation.



Source: FINMIN, Govt. of India



ABOUT MCCI

MCCI is a 120 years old non-government, not-for-profit, industry-led and industry-managed organization, with 700 direct members and 15,000 indirect members covering a wide cross-section of small, medium & large industries, trades and services besides, 10 Associations of Industry & Trade are also affiliated to MCCI.

MCCI addresses various aspects of the industry, trade and services sectors, their issues & Challenges and through several learning and best practices forums, guide them to the future. MCCI also helps members to explore international business opportunities through its international connect initiatives.

MCCI has been working on the development of an indigenous vibrant industrial base in the country, especially in the Eastern India. The indomitable spirit and quest to build an institution to safeguard the interests of the indigenous business community led to the birth of Vaishya Sabha and with the changing times, now it stands as MCCI. MCCI has evolved to reinvent itself to address the challenges in this era of new normal.

MCCI works as a bridge between businesses and the policy makers to create a conducive economic environment for the industry to prosper and flourish while benefitting all the stakeholders in the economy. The Executive Committee, which has 30 Standing Committees reporting to it, is the principal facilitating structure of the Chamber.

We are one of the leading Chambers of Eastern India relentlessly working for the betterment of MSMEs through several initiatives. MSME Helpdesk, IP facilitation, connecting with Banking and Financial institutions, technology for MSMEs, besides taking up members issues at the appropriate level. Several Business meets are organized for the benefit of the members.

For the year 2022, MCCI is prepared to provide opportunities for growth and development to its members through 4E's ~ Explore, Educate, Empower and Enable to help the members achieve the 5th E ~ Excellence in all spheres.

MCCI is presently working on the specific theme of **"Bouncing Back"**, working closely with the State and Central Government on policy matters and building bridges through international connect initiatives.



Merchants' Chamber of Commerce & Industry

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