

Share of exports in GDP grows in FY22

Indian economy grew by 8.7% during the FY 2021-22 according to the provisional estimates release by the NSO on 31st May 2022. This makes India the fastest growing major economy in the world. This growth rate is below expectation. The growth forecasts for the year by Economic Survey of India and NSO were 9.2% and 8.9% respectively. GVA (Gross value Added) growth rate was recorded 8.1% for the year

Key takeaways from the Provisional Estimates released

- Even though GDP grew at an impressive rate of 8.7%, it was mostly due to low base of preceding pandemic year. For context, GDP only grew by 2% from pre-pandemic year of 2019-20. NDP (GDP-Depreciation) remain stagnant at pre-pandemic level.
- Nominal growth rate was recorded at 19.5% for the year as compared to real growth rate of 8.7%, clearly stating the impact of inflation. We should be expecting further rate hikes by RBI
- Per capita GDP was recorded below the pre pandemic level indicating the growth rate of population was greater than growth rate of the economy during the pandemic period of FY 2019-22
- Trade intensity at 48% is 6% more than the pre pandemic level signals a strong recovery in international trade for India. Increasing share of export in GDP from 19% in pre pandemic level to around 22% is a positive for India's economy.
- GVA has shown a resilient growth rate at 8.1% for the year and at 3% from pre-pandemic level. Manufacturing sector has shown the strongest recovery with GVA growth rate of 9% from pre-pandemic level. Contact intensive economic activity such as hospitality is shown yet to recover from the impact of pandemic with their GVA down 11% from pre-pandemic level.
- The GVA growth rate for agriculture and construction related economic activity was recorded at 6% and 3% respectively from pre-pandemic level.

Conclusion

Indian economy has shown a resilient recovery post pandemic with all economic activity except one having positive GVA growth rate form pre-pandemic level. Inflation due to supply side negative shock arising out of the international conflict is a cause of concern which may induce RBI to further increase the interest rate which could hamper India's economic recovery path. Hence, it has become extremely crucial for government to find some steady short-term as well as long term solution to India's supply side challenges.

Notifications

Press Information Bureau

Ministry of Commerce release trade data for May 2022 –

[India's merchandise export rises 15.46% to USD 37.3 billion in May, 2022 as compared to USD 32.30 billion in May 2021, recording highest ever exports in May 2022](#)

Exchange Rate Notification-

[Exchange Rate Notification No. 49/2022 - Customs \(N.T.\)](#)

Cabinet allows procurement by 'Cooperatives' as buyers on GeM-

[Cabinet approves Expanding the mandate of Government e Marketplace - Special Purpose Vehicle \(GeM - SPV\) to allow procurement by Cooperatives as Buyers](#)

CBIC

Exchange rate notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-nt2022/csnt49-2022.pdf;jsessionid=13A19EEBA6C0FA82951AA839A8ACE203>

RBI

RBI releases data on ECB/FCCB/RDB for April 2022

<https://www.rbi.org.in/Scripts/ECBUserView.aspx?Id=223>