



Macro-Economic Factors for the month of May 2022

On 31st May 2022, the Government of India published provisional estimates stating Asia's third largest economy grew by 8.7% in FY22 that was lower than revised estimates of 8.9% presented in budget, on account of Omicron virus curbs and war in Europe adding inflation hurdle to the economic recovery. Total receipts for government of India stood at Rs. 22.07 Lakh Crore i.e. 101.3% of Revised Estimates for 2021-22. Total expenditure for 2021-22 was Rs. 37.94 Lakh Crore which was 100.6% of the Revised Estimates.

The macro-economic indicators for the month of May 2022 states a continuous strong economic recovery across sectors amid rising inflationary pressures. Upswing in economic activity, increased focus on compliance, and efficacy of enforcement actions has resulted in GST collections crossing Rs 1.4 lakh crore for a third consecutive month since March 2022. Exports have witnessed significant growth, however, the sharp rise in imports continues to widen the gap in the trade deficit which stood at \$23.33 billion in May 2022. Manufacturing PMI saw massive growth on the production activity on account of international orders coupled with fall in unemployment rate but was affected by rising input costs. Below are few of the Macro Economic indicators for the month of May 2022.

Macro- Economic Indicators for May 2022: -

1. Monthly Goods & Service Tax (GST) Collection:

Monthly GST Collection				
Particulars (INR Crore)	May 2022	April 2022	May 2021	May 2019
GST Revenue	140,884	167,540	102,709	62,009

Source: gstcouncil.gov.in

- Month-on-Month (M-o-M) GST collection decreased by 16% in May 2022 compared to April 2022
- Year-on-Year (Y-o-Y) GST collection was up by 37% in May 2022 compared to April 2022
- GST collection increased by 40% in May 2022 as compared to pre-Covid levels of May 2019
- The decline in GST collection for May 2022 can be attributed to a number of causations including but not limited to the turbulence being faced by the world economies worldwide in the wake of recent geopolitical development and economic developments coupled with the financial year closing.

2. Foreign Trade Numbers:

Foreign Trade Numbers								
Particulars (USD Bn)	May 2022		April 2022		May 2021		May 2019	
	Export	Import	Export	Import	Export	Import	Export	Import
Merchandise	37.29	60.62	38.19	58.26	32.30	38.83	25.91	39.63

Source: commerce.gov.in

- India's May 2022 merchandise exports marginally declined by 2% M-o-M basis however it increased by 15% Y-o-Y basis and 44% when compared to pre-covid levels. Petroleum products (52.71%), Electronic goods (41.46%) and RMG of all Textiles (22.94%) led the way in high increase in exports during May 2022
- Merchandise Imports in May 2022 increased by 4% M-o-M, 56% on Y-o-Y basis and 53% when compared to pre-covid levels of May 2019. Major reason behind the huge rise in imports during the period under consideration was the jump in purchase of crude oil (92%) and gold (760%) on Y-o-Y basis.



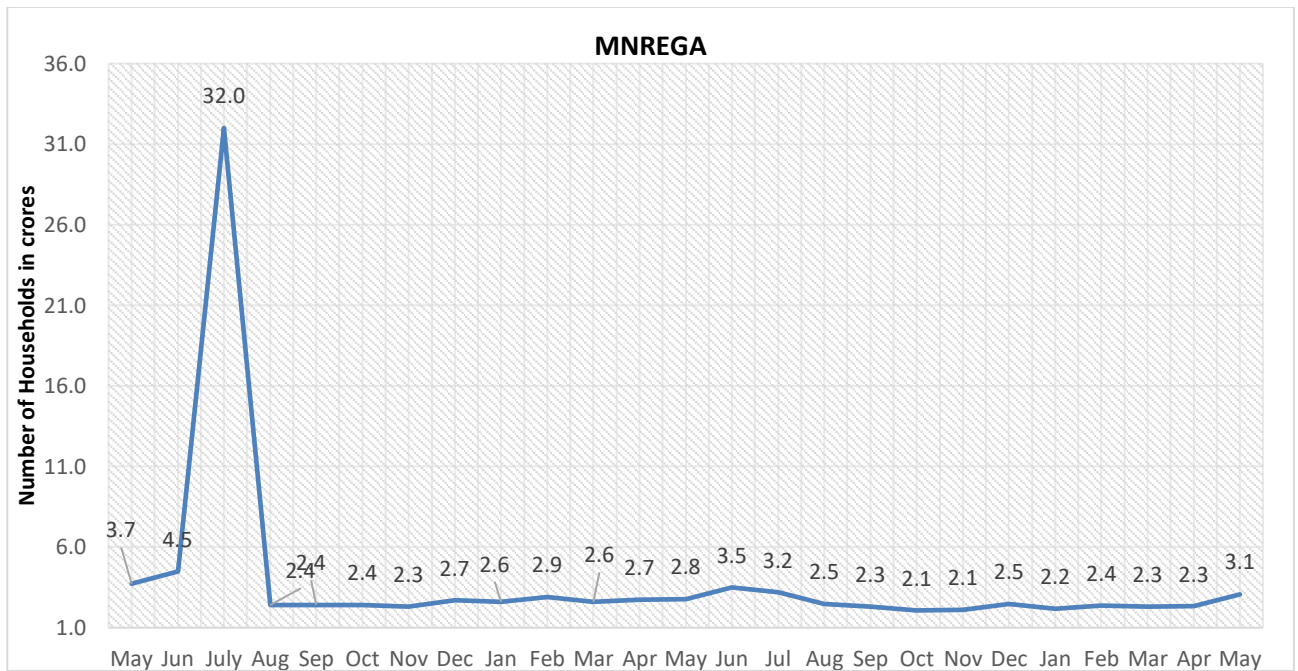
3. Manufacturing Purchasing Manager's Index (PMI):

Manufacturing PMI Monthly Data			
Particulars	May 2022	April 2022	May 2021
Manufacturing PMI	54.60	54.70	50.80

Source: www.bloomberqint.com

- India's manufacturing PMI saw a minor downfall from 54.7 in April to 54.6 in May.
- Y-o-Y Manufacturing PMI increased in May 2022 to 54.60 as compared to 50.80 in May 2021
- Manufacturing PMI for the month of May 2022 indicates sustained recovery across the sectors with factory orders boosted by jump in new international orders, however rising input prices are putting downward pressures on the growth prospects

4. Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA):

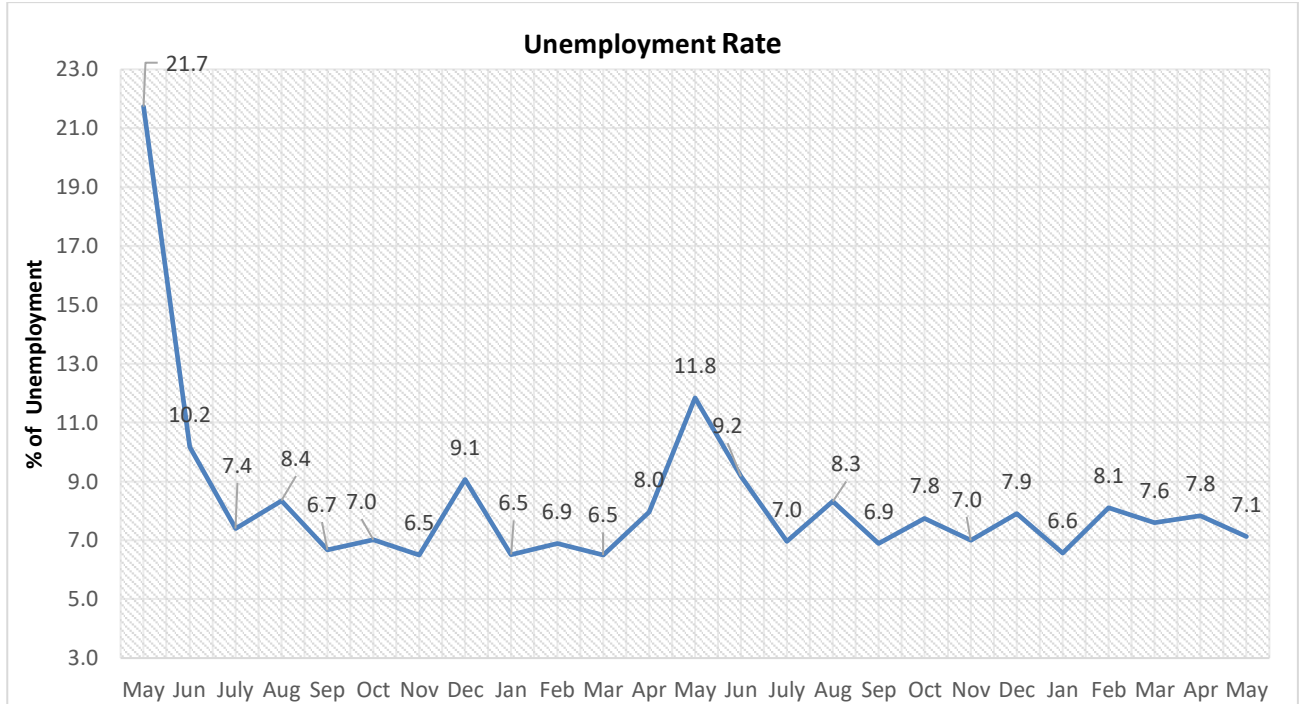


Source: MNREGA website

Employment situation in rural areas, demand for household work under the government's flagship employment guarantee scheme surged by 15% in the equivalent month last year while it increased significantly by 32% on M-o-M basis. Household demand in May 2022 stood 24.3% higher compared to May 2019 at 2.47 crore. The demand for work under MGNREGA registered a sudden rebound in May after falling in April on the back of a slack in farm activities and impact of inflation.



5. Unemployment Rate:



Source: CMIE

- The unemployment rate in India has cooled off a bit at 7.12% in May 2022 compared with 7.83% in the preceding month, a decline of 71 bps
- Y-o-Y unemployment rate decreased by 478 bps in May 2022 as compared to May 2021
- The urban unemployment dropped 10.95% to 8.21% in May and the rural unemployment fell 7.7% in the same month to 6.62% respectively as economic activity continued to pick up pace in sectors across economy. Sectors like IT and ITes experienced a strong rebound in employment on back of improved mobility and strong services export on back of digitization initiatives taken by companies worldwide

Global recovery is vastly impacted by the war in Ukraine triggering a devastating humanitarian crisis in Europe, pushing up food and commodity prices, slowing growth globally and worsening inflationary pressures worldwide. Geopolitical and economic uncertainties are dampening business confidence, investment and further weakening short-term economic prospects. Indian economy is plagued by rising inflation prices and supply chain constraints. To overcome inflation hurdle, RBI is most likely to introduce rate hikes in coming months slowing down the growth of economy. Going forward Intensifying price pressures, shrinking corporate profitability, the tightening of domestic financial conditions and risks to global growth outlook remain major headwinds to the recovery in growth