



## Macro-Economic Factors for the month of August 2022

The Government of India published monthly accounts of union government as of July 2022 comparing the receipts and expenses against budget estimates (BE) of 2022-23. The Government of India has received Rs. 7.86 lakh crore up to July 2022 i.e. 34.4% of corresponding BE 2022-23 of Total Receipts. Total Expenditure incurred by Government of India is Rs. 11.27 lakh crore corresponding to 28.6% of total expenditure of BE 2022-23. The recovery in domestic economic activity is gathering strength.

High-frequency data for the Indian economy shows strong and broad-based underlying momentum in the first five months of fiscal year 2022-23. Manufacturing and Services sectors have seen robust upswing in economic activity, as seen from indicators such as PMI, capacity utilization, mobility, tax filing and collection, business earnings and credit indicators. The macro-economic indicators for the month of August 2022 states a robust economic recovery across sectors. There was marginal dip in the GST collection in August as compared to previous month but was still above 1.4 lakh crore for sixth consecutive month. Exports have witnessed marginal M-o-M decline, however, the sharp rise in imports continues to widen the gap in the trade deficit which stood at \$28.68 billion in August 2022. Manufacturing PMI remained flat suggesting improving operating condition. Unemployment rate increased drastically due to erratic rain delaying the sowing season. Below are few of the Macro Economic indicators for the month of August 2022.

### Macro- Economic Indicators for August 2022: -

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

Monthly GST Collection				
Particulars (INR Crore)	August 2022	July 2022	August 2021	August 2019
GST Revenue	143,611	148,996	112,020	98,203

Source: [gstcouncil.gov.in](http://gstcouncil.gov.in)

- Month-on-Month (M-o-M) GST collection for the month August 2022 dipped by 4%
- Year-on-Year (Y-o-Y) GST collection was up by 28% compared to August 2021
- GST collection increased by 46% in August 2022 as compared to August 2019
- GST revenue in the month of August 2022 exceeded Rs. 1.4 lakh crore for 6<sup>th</sup> month in a row. Revenue from import of goods were up by 57% whereas the revenues from domestic transactions were up by 19% from the revenues from these sources M-o-M

#### 2. Foreign Trade Numbers:

Foreign Trade Numbers								
Particulars (USD Bn)	August 2022		July 2022		August 2021		August 2019	
	Export	Import	Export	Import	Export	Import	Export	Import
Merchandise	33.0	61.68	35.24	66.26	33.28	47.09	26.13	39.58

Source: [commerce.gov.in](http://commerce.gov.in)

- High commodity prices continue to widen the trade deficit in the month of August 2022
- India's August 2022 merchandise exports declined by 6% on monthly basis however it remained flat on



Yearly basis. Amongst the major products, exports of electronic goods, Rice, Organic and Inorganic chemicals registered impressive growth during August 2022.

- Merchandise Imports in August 2022 declined by 7% M-o-M but increased by 36% on Y-o-Y basis. High increase in import values in August 2022 have been witnessed in the following major commodity groups Coal, Coke & Briquettes, etc., Crude & products, Organic & Inorganic Chemicals, Vegetable Oil.
- The import surge reflects the strong demand of the domestic economy due to robust growth and strong fundamentals of the Indian economy.

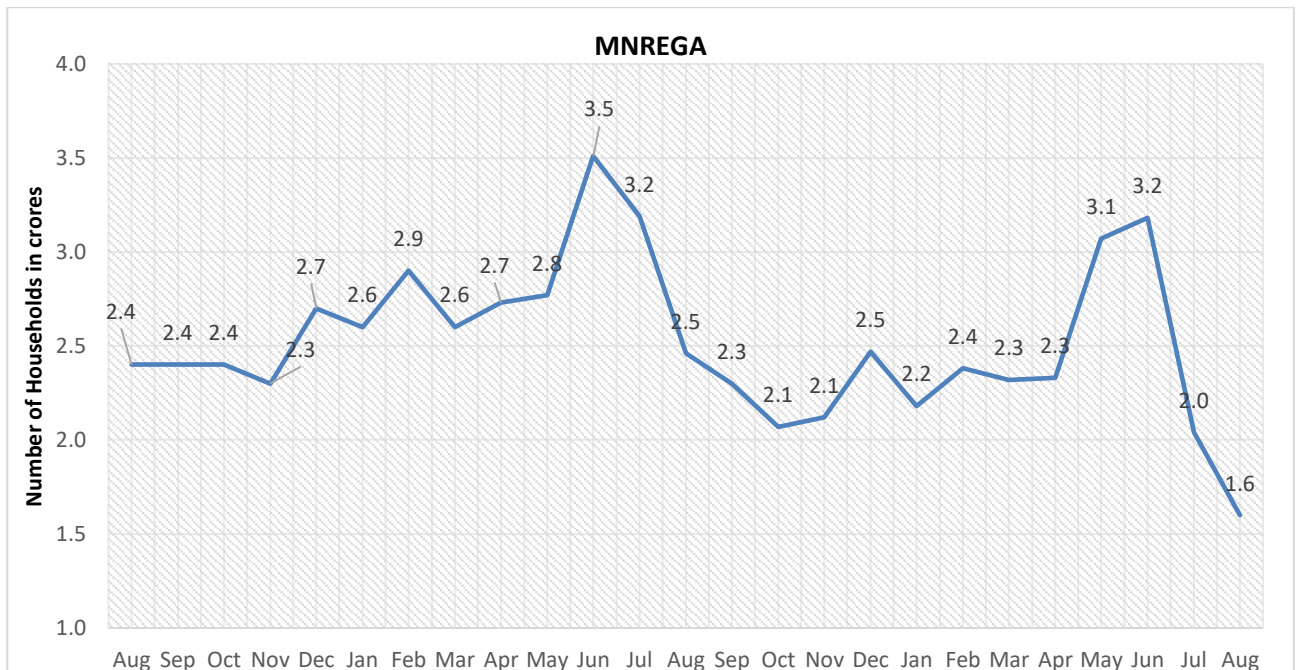
**3. Manufacturing Purchasing Manager’s Index (PMI):**

Manufacturing PMI Monthly Data			
Particulars	August 2022	July 2022	August 2021
Manufacturing PMI	56.20	56.40	52.30

Source: [www.bloomberqint.com](http://www.bloomberqint.com)

- India’s manufacturing PMI remained flat at 56.20 in August 2022 from 56.40 in July 2022
- Y-o-Y Manufacturing PMI increased in August 2022 to 56.20 when compared to 52.30 in August 2021
- India’s manufacturing sector in August witnessed the second-strongest improvement in operating conditions in nine months, boosted by strengthening demand conditions and softening inflation concerns. Production volumes were also supported by a pickup in exports and upbeat projections for the year ahead outlook.

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



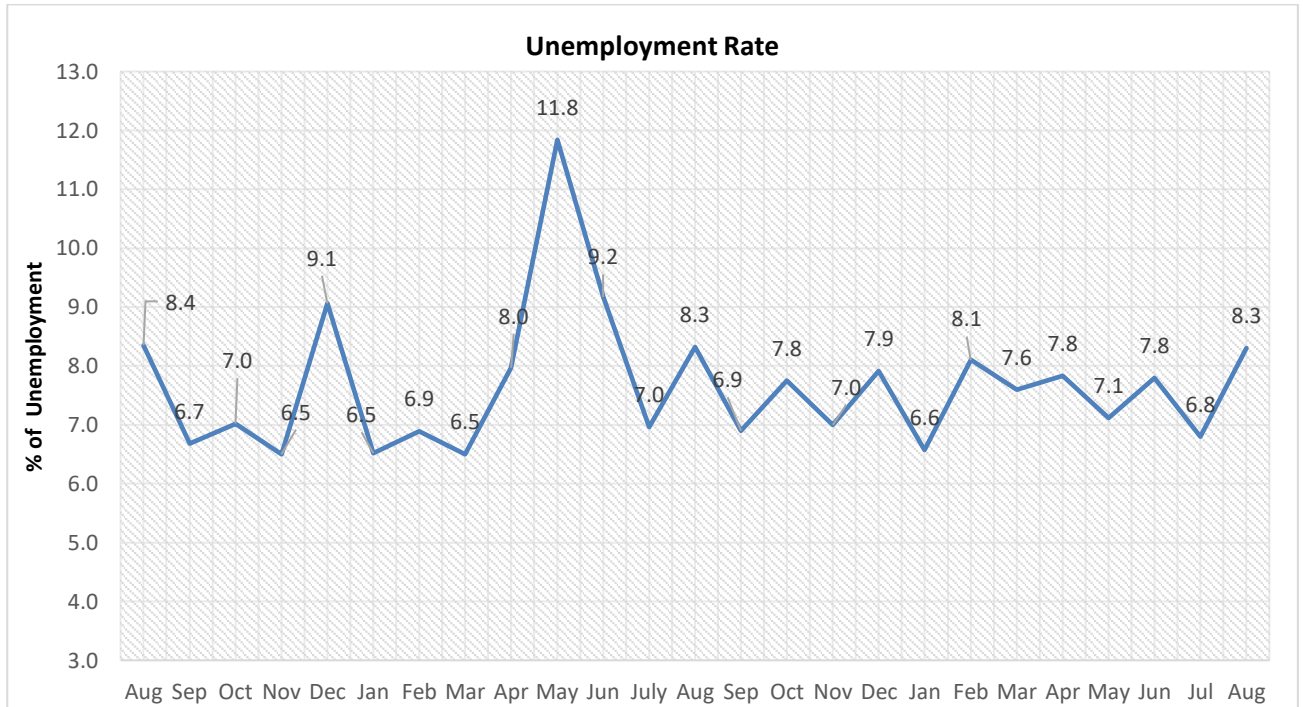
Source: MNREGA website

Household demand for work under MGNREGA fell 41.2% in August to 1.58 crore against 2.70 crore in August



2021-22, while individual demand fell by 40% to 1.90 crore as against 3.17 crore in last August suggesting stability in the labor market. However, according to the government, the demand was still higher than pre-pandemic levels.

### 5. Unemployment Rate:



Source: CMIE

- The unemployment rate in August 2022 increased to 8.28 on Monthly basis, an increase of 148 bps
- Y-o-Y unemployment rate decreased by 4 bps in August 2022 as compared to August 2021
- Overall unemployment rate increased in August 2022 wherein the urban unemployment rate shot up by 9.6% and rural unemployment rate also increased to 7.7%. The rural unemployment rose on account of unusual rainfall that affected the sowing activities in the rural area.

Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit pandemic weakened world economy: - a) Higher-than-expected inflation worldwide - especially in the United States and major European economies, triggering tighter financial conditions, b) Worse-than-anticipated slowdown in China, reflecting COVID- 19 outbreaks and lockdowns, c) Further negative spillovers from the war in Ukraine.

With the global economies facing higher inflationary pressures, Indian economy is witnessing growth amid rising commodity prices. Rising interest rates, uneven distribution of monsoons, and slowing global growth might dampen economic momentum on a sequential basis. Rising Imports and depreciating Rupee can lead to higher inflation figures. The RBI is likely to remain hawkish this year and maintain a reasonably tight policy stance in 2023 to prevent domestic inflationary pressures from building further. However, pickup in private sector capex cycle supported with investment-friendly government policies and digitization of economy can give a much-needed boost to the economy for several quarters.