

ECONOMY

First Advance Estimates of National Income, 2021-22

- National Statistical Office (NSO), Ministry of Statistics and Programme Implementation has released the First Advance Estimates of National Income at both Constant (2011-12) and Current Prices, for the financial year 2021-22 along with the corresponding estimates of expenditure components of the Gross Domestic Product (GDP).
- The First Advance Estimates is based on Benchmark Indicator method. The sector-wise Estimates are obtained by extrapolation of indicators like (i) Index of Industrial Production, (ii) financial performance of Listed Companies in the Private Corporate sector (iii) 1st Advance Estimates of Crop production, (iv) accounts of Central & State Governments, information on indicators like Deposits & Credits, Passenger and Freight earnings of Railways, Civil Aviation, major Sea Ports, Sales of Commercial Vehicles, etc.

Estimates at Constant (2011-12) Prices

- GDP at Constant Prices (2011-12) in the year 2021-22 is estimated at ₹147.54 lakh crore, as against the Provisional Estimate of GDP for the year 2020-21 of ₹135.13 lakh crore. The growth in real GDP during 2021-22 is estimated at 9.2 per cent as compared to the contraction of 7.3 per cent in 2020-21.

- GDP at Current Prices in the year 2021-22 is estimated at ₹232.15 lakh crore, as against the Provisional Estimate of GDP for the year 2020-21 of ₹197.46 lakh crore. The growth in nominal GDP during 2021-22 is estimated at 17.6 per cent.
- Nominal GVA at Basic Prices is estimated at ₹210.37 lakh crore in 2021-22, as against ₹179.15 lakh crore in 2020-21, showing a growth of 17.4 percent.
- Per Capita Income in real terms (at 2011-12 prices) during 2021-22 is likely to attain a level of ₹93,973 as compared to ₹86,659 for the year 2020-21.

Table 2: 1st Advance Estimates of Expenditures on GDP, 2021-22 (at 2011-12 Prices)

| Industry | Expenditures of GDP (in ₹ lakh crore) | | Rates of GDP (%) | |
|--|---------------------------------------|---------|------------------|---------|
| | 2020-21 (PE) | 2021-22 | 2020-21 | 2021-22 |
| Private Final Consumption Expenditure | 75.61 | 80.81 | 56 | 54.8 |
| Government Final Consumption Expenditure | 15.87 | 17.07 | 11.7 | 11.6 |
| Gross Fixed Capital Formation | 42.21 | 48.52 | 31.2 | 32.9 |
| Exports | 26.94 | 31.40 | 19.9 | 21.3 |
| Imports | 28.66 | 37.08 | 21.2 | 25.1 |

Source: Press note on 1st Advance estimates of National Income, 2021-22, (MoS&PI), GoI

- **Private Final Consumption Expenditure:** PFCE at Current Prices is estimated at ₹133.52 lakh crore in 2021-22 as against ₹115.68 lakh crore in 2020-21. At Constant (2011-12) Prices, the PFCE is estimated at ₹80.81 lakh crore in 2021-22 as against ₹75.61 lakh crore in 2020-21 (Table 2).
- **Government Final Consumption Expenditure:** GFCE at Current Prices are estimated at ₹28.38 lakh crore in 2021-22 as against ₹24.67 lakh crore in 2020-21. At Constant (2011-12) Prices, the GFCE is estimated at ₹17.07 lakh crore in 2021-22 as against ₹15.87 lakh crore in 2020-21.
- **Gross Fixed Capital Formation:** GFCF at Current Prices is estimated at ₹68.77 lakh crore in 2021-22 as against ₹53.49 lakh crore in 2020-21. At Constant (2011-12) Prices, the GFCF is estimated at ₹48.52 lakh crore in 2021-22 as against ₹42.21 lakh crore in 2020-21.

Source: <https://www.mospi.gov.in/documents/213904/416359//Pres%20Note%20FAE%202021-22m1641557278684.pdf/d4df78c-779a-ed1c-9d6b-146064dc63ba>

Table 1: 1st Advance Estimates of GVA at Basic Prices of 2020-21 (at 2011-12 Prices)

| Industry | GVA at Basic Price (in ₹ lakh crore) | | Percentage change over previous year | |
|---|--------------------------------------|---------|--------------------------------------|---------|
| | 2020-21(PE) | 2021-22 | 2020-21 | 2021-22 |
| Agri, Forestry & Fishing | 20.40 | 21.19 | 3.6 | 3.9 |
| Manufacturing | 21.07 | 23.70 | -7.2 | 12.5 |
| Trade, Hotel, Transport, Communication & services related to Broadcasting | 22.08 | 24.70 | -18.2 | 11.9 |
| Financial, Real Estate & Professional Services | 28.72 | 29.88 | -1.5 | 4.0 |
| GVA at Basic Price | 124.53 | 135.22 | -6.2 | 8.6 |

Source: Press note on 1st Advance estimates of National Income, 2021-22, (MoS&PI), GoI



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Inflation

- Consumer Price Inflation rate has been quite choppy this year. From 4.2% in April 2021 it shot up to 6.3% in May-June 2021. Inflation started easing thereafter and fell to 4.4% by September 2021, before reversing its course once again and climbing to 5.6% by December 2021 (Fig 1).
- The volatility in headline inflation has been caused by sharp movements in food and fuel inflation which were largely influenced by transient supply disruptions, fluctuations in international commodity prices and uneven base of last year (Tab 1). Average inflation in food and fuel, also known as non-core inflation, wavered in the wide range of 2.8% and 6.2% during the first nine months of 2021-22.
- Core inflation, on the other hand, was steady and elevated. After rising from 5.5% in April 2021, it remained at or above 6% in each of the eight months ending December 2021.

Table 1: Sub-Group Wise CPI Inflation Rates (% YoY, December 2021)

| Sub-Group | Rural | Urban | Combined |
|--|-------------|-------------|-------------|
| 1. Food and beverages | 3.88 | 5.39 | 4.47 |
| -Cereals and products | 2.79 | 2.43 | 2.62 |
| -Meat and fish | 5.07 | 3.80 | 4.58 |
| -Egg | 1.79 | 0.90 | 1.48 |
| -Milk and products | 3.77 | 3.63 | 3.76 |
| -Oils and fats | 26.49 | 20.40 | 24.32 |
| -Fruits | 3.40 | 3.74 | 3.54 |
| -Vegetables | -8.20 | 6.14 | -2.99 |
| -Pulses and products | 3.07 | 1.30 | 2.43 |
| -Sugar and Confectionery | 5.98 | 4.82 | 5.58 |
| -Spices | 4.38 | 3.19 | 3.96 |
| -Non-alcoholic beverages | 8.71 | 7.27 | 8.17 |
| -Prepared meals, snacks, sweets etc. | 6.57 | 6.52 | 6.58 |
| 2. Pan, tobacco and intoxicants | 3.41 | 2.61 | 3.22 |
| 3. Clothing and footwear | 9.18 | 6.99 | 8.30 |
| 4. Housing | - | 3.61 | 3.61 |
| 5. Fuel and light | 9.74 | 13.16 | 10.95 |
| 6. Miscellaneous | 6.48 | 6.91 | 6.65 |
| All Groups | 5.36 | 5.83 | 5.59 |

Source: MoSPI, GoI, www.mospi.nic.in

- Food prices, particularly of agro-commodities, and fuel prices are vulnerable to sudden supply shocks which are transitory in nature. Their movement, therefore, does not necessarily reflect a trend change in the general price level.

Fig 1: CPI General (YoY, Feb 2021-Dec 2021)

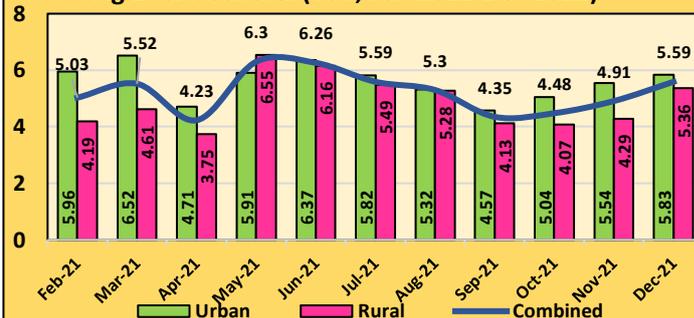
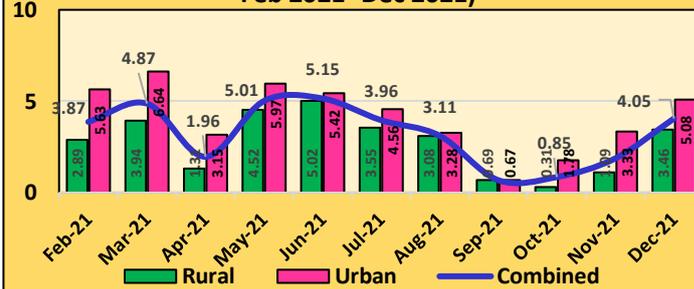


Fig 2: Consumer Food Price Inflation (YoY, Feb 2021 -Dec 2021)



Source: (Figures 1 and 2): MoSPI, GoI, www.mospi.nic.in

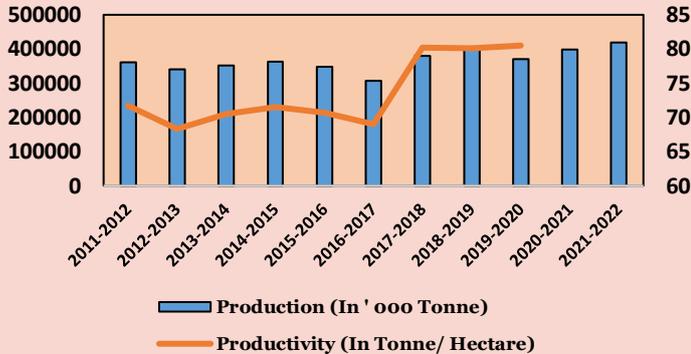
- Prices of goods and services that constitute the core CPI, on the other hand, are less volatile. Changes in them are more enduring. This makes core inflation an important indicator for monetary policy making that aims to achieve price stability along with maximum sustainable growth in the medium run. But, it is the headline CPI inflation that is the primary policy anchor.
- India has been witnessing elevated levels of inflation since the Covid-19 pandemic reached its shores. In 2020-21, CPI averaged at 6.2%, higher than the upper limit of the RBI's tolerance band of 2-6%. Inflation moderated to average at 5.2% during Apr-Dec 2021. This is way above the targeted inflation rate of 4%.

Forecast

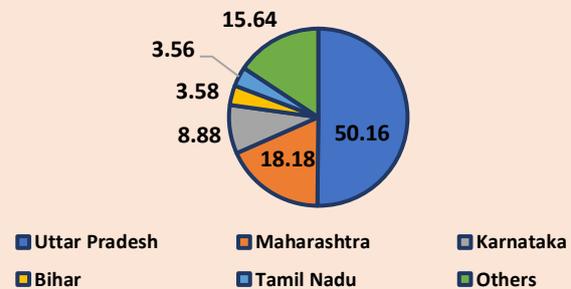
- We expect core inflation to remain elevated at 6% for the year 2022-23. Input cost pressures that have built up this year are expected to feed into core inflation next year.
- At the wholesale level, non-food prices have gone up by 14.6% during Apr-Dec this year. We expect the trickle-down effect of this to be seen on core inflation at the consumer level next year.
- We expect non-core inflation to face downward pressure from agricultural commodity and petroleum fuel prices in 2022-23.
- We peg headline CPI inflation to average at 5.3% in 2022-23, a shade lower than our estimate of 5.4% for 2021-22. However, high core inflation and its cost-push nature may arrest the growth potential of the economy that is still struggling to restore its real per capita income back to the pre-Covid level.

Dashboard on Agriculture Commodities: Sugarcane

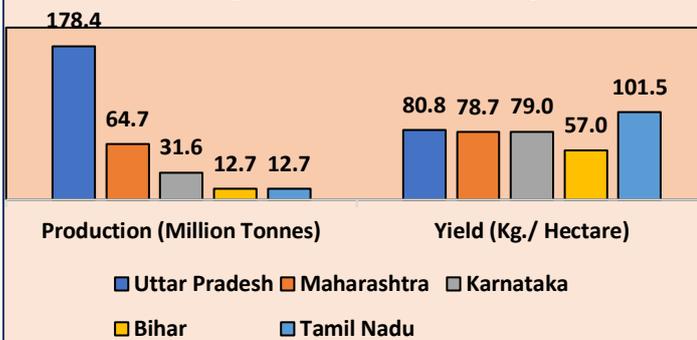
Production and Productivity of Sugarcane in India



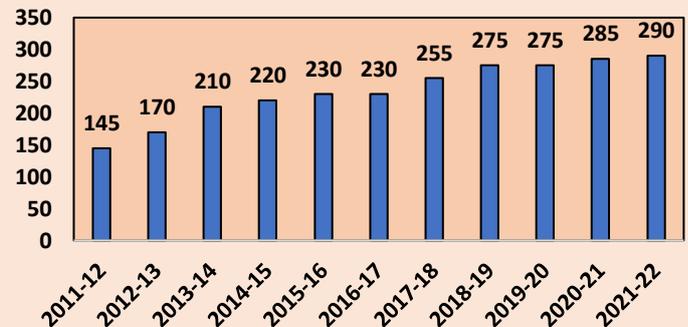
State wise Contribution to All India Share (Production -2019-20)



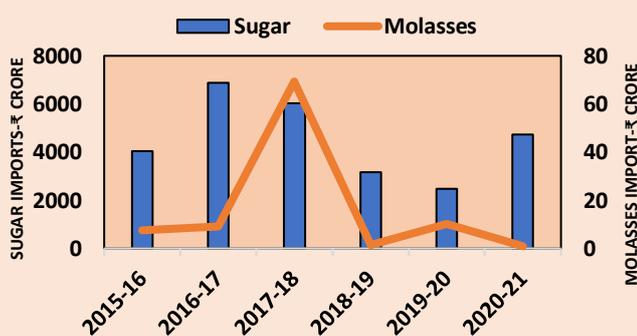
State wise production and Yield of Sugarcane



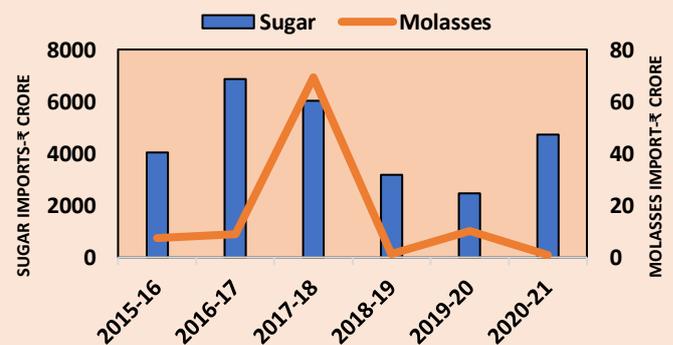
Fair Renummerative Price (Rs. per quintal)



Sugar and Molasses Exports during last 5 years (₹ crore)



Sugar and Molasses Imports during last 5 years (₹ crore)



Govt. Scheme



Ethanol Blending Programme: Government has fixed target of 10% blending of fuel grade ethanol with petrol by 2022, 15% blending by 2026 & 20% blending by 2030. With a view to support sugarcane sector and in the interest of sugarcane farmers, the Government has also allowed production of ethanol from B-Heavy Molasses, sugarcane juice, sugar syrup and sugar; and has been fixing the remunerative ex-mill price of ethanol derived from C-heavy molasses, B-heavy molasses and ethanol derived from sugarcane juice/ sugar/ sugar syrup for ethanol season.

The Central Government with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (EBP) Programme, especially in the surplus season and thereby to improve the liquidity position of the sugar mills enabling them to clear cane price arrears of the farmers notified the scheme namely "Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity". Diversion of excess sugarcane & sugar to ethanol is a correct way forward to deal with surplus stocks. Diversion of excess sugar would help in stabilizing the domestic ex-mill sugar prices and will also help sugar mills to get relieved from storage problems. It will improve their cash flows and facilitate them in clearance of cane price dues of farmers; and will facilitate mills to function in the coming years.



Report THINK

Annual Status of Education Report (Rural) 2021

- This edition of Report Think covers the captioned report released by an NGO named Pratham in November 2021. The ASER 2021 survey was designed to be conducted at a time when schools had reopened in some states but not in others. One part of the survey thus focused on questions similar to ASER 2020, allowing comparison of last year's findings with data from this year for those children whose schools had not reopened. Topics explored included the provision of, and access to, remote education mechanisms and materials in rural parts of the country, and how children, families, and educators were engaging with these from their homes.

Findings:

1. Enrollment Patterns:

- At an all-India level, there has been a clear shift from private to government schools: For children in the age group of 6-14 years, enrollment in private schools has decreased from 32.5% in 2018 to 24.4% in 2021. This shift is seen in all grades and among both boys and girls. However, boys are still more likely to be enrolled in private schools than girls.
- More older children in school than ever before: Among older children in the age group of 15-16 years, an increase in government school enrollment from 57.4% in 2018 to 67.4% has been driven by a marked decline in the proportion of out of school children in this age group, from 12.1% in 2018 to 6.6% in 2021, as well as by decreasing private school enrollment.
- There is a fair amount of variation in enrollment at the state level. The national increase in government school enrollment is driven by large northern states like Uttar Pradesh, Rajasthan, Punjab and Haryana and southern states like Maharashtra, Tamil Nadu, Kerala and Andhra Pradesh. In contrast, in many north-eastern states, government school enrollment has fallen during this period.

2. Tuition:

- Big increase in children taking tuition: At an all-India level, in 2018, less than 30% children took private tuition classes. In 2021, this proportion has jumped to almost 40%. This proportion has increased across both sexes and all grades and school types.
- Increase in tuition-taking highest among the less advantaged: Taking parental education as a proxy for economic status, the proportion of children with parents in the 'low' education category who are taking tuition increased by 12.6 percentage points, as opposed to a 7.2 percentage point increase among children with parents in the 'high' education category.

3. Access to Smartphones:

- Smartphone ownership has almost doubled since 2018: The availability of smartphones has increased from 36.5% in 2018 to 67.6% in 2021. However, more children in private schools have a smartphone at home (79%) as opposed to government school going children (63.7%).
- As parents' education level increases (a proxy for economic status), the likelihood that the household has a smartphone also increases. However, even among children whose parents are in the 'low' education category, over a quarter bought a smartphone for their studies since March 2020.
- Although over two thirds of all enrolled children have a smartphone at home (67.6%), over a quarter of these have no access to it (26.1%).

4. Policy Implications:

- **Enrollment:** The enrollment of children in government schools has increased notably over the last two years. Government schools and teachers need to be equipped to deal with this influx.
- **Building on family support:** Family support has reduced since 2020 as schools reopen, but remains significant especially for early primary grades. Parental engagement with children's learning can be integrated into planning for learning improvement, as advocated by the National Education Policy. "Reaching parents at the right level" is essential to understand how they can help their children.
- **"Hybrid" learning:** Children are doing a variety of different activities at home; many of these are provided by family members and private tutors in addition to schools. Effective ways of "hybrid" learning need to be developed that combine traditional teaching-learning with newer ways of "reaching-learning".
- **Tuition:** The proportion of children attending private tuition classes has shot up since 2018 during an extended period of school closures and uncertainty. This might lead to a bigger learning gap between students who can and cannot afford paid tuition.
- **Mediating the "digital divide":** Expectedly, children from families who had low education and also did not have resources like smartphones had less access to learning opportunities. There is evidence of effort even in these households: parents have been purchasing smartphones specifically for their children's education. However, these children will need even more help than others as schools reopen.
- **Smartphone access:** ASER 2021 confirms that even if there is a smartphone in the family, children often do not have access to it. This finding needs to be taken into account as future plans are made for remote learning or the use of digital content and devices.

Source: https://img.asercentre.org/docs/aser2021finalreport_16.116.54pm1.pdf