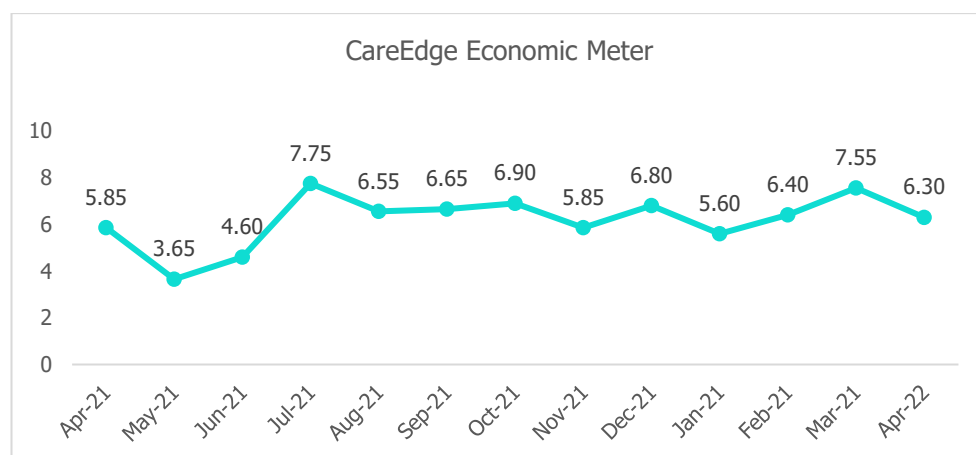


CareEdge Economic Meter: April 2022

May 06, 2022 | Economics

CareEdge Economic Meter (CEM) score eased to 6.30 in April 2022 after touching an eight-month high of 7.55 in March 2022. Better performance on GST revenue collection, bank credit, manufacturing and services front was offset by weakness in capital and labour markets. The score was still higher compared with April 2021, which shows that the economy is relatively better positioned compared to last fiscal.



Source: CareEdge Calculations

The beginning of the new financial year saw an all-time high GST collection of Rs 1.68 lakh crore. This is the first instance of monthly GST collections crossing Rs 1.5 lakh crore, which can be attributed to a combination of factors such as increased economic activities, improved compliance, and higher inflation. Discretionary consumer spending reflected by the number of vehicle registrations saw a mixed trend with the registration of two-wheelers rising sequentially but that of passenger vehicles (light and medium) declining marginally.

April saw a marginal improvement in manufacturing activities as captured by the PMI-Manufacturing (PMI-M) number. PMI-M inched up to 54.7 in April, reversing the decline registered in March, on the back of healthy growth in new orders. Encouragingly, services sectors gained pace with PMI-services rising to a five-month high in April owing to a rebound in economic activities. However, the intensifying cost pressures and subdued growth prospects could dampen business confidence in the coming months.

Exports remained above the USD 30 billion mark for the 14th consecutive month but declined sequentially across all major commodity groups. Imports also witnessed a sequential decline, but remained above USD 55 billion due to higher commodity prices, particularly in the energy segment. The moderation in the growth of world merchandise trade volume to 3.0% for 2022 (down from 4.7% previously) as projected by the World Trade Organisation may impact India's export prospects in the coming months.

Although overall bank credit disbursement saw a stable increase in April, the capital market showed a contrasting picture. Both debt and equity issuances registered a sharp decline on a sequential basis due to increased financial market volatility globally because of the rising geopolitical tensions and monetary tightening by key central banks.

On the employment front, CMIE survey-based unemployment rate worsened to 7.8% in April 2022 (due to higher urban unemployment) compared with 7.6% in the previous month. With the inflationary pressure already eating up into consumers' purchasing power, the rise in the unemployment rate comes as a matter of serious concern. It could hurt consumer demand which will have a domino effect on other high-frequency indicators.

Going ahead, global factors will continue to pose risks to India's economic progress. The uncertainty arising from ongoing geopolitical conflicts, which is reflected in rising global commodity prices, and a differing pace of monetary policy normalisation could have adverse implications for the economy.

Note:

CEM tracks the state of the economy based on 14 high-frequency indicators. Each of these reflects a particular aspect of the economic activity in areas such as production, consumption, investment and employment. The changes are tracked and compared over the preceding periods both in terms of a single month and on a cumulative basis.

How to Interpret the Meter?

Score (0-10)	Interpretation
<4	Stagnation
4-6	Recovery
6-8	Steady-state
>8	Acceleration

For more details on these indicators and methodology, kindly refer to the following link:

[CARE Ratings Economic Meter - June 2021](#)

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