

**भारतीय रिज़र्व बैंक**
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RBI Bulletin - January 2022

The Reserve Bank of India today released the [January 2022](#) issue of its monthly Bulletin. The Bulletin includes two speeches, four articles and current statistics.

The four articles are: [I. State of the Economy](#); [II. Indian Agriculture: Achievements and Challenges](#); [III. The Impact of Covid-19 Pandemic on Consumer Confidence in India](#); and [IV. Changing Dynamics of Foreign Direct Investment in India](#).

I. State of the Economy

As the world stepped into the new year, the path of the recovery in India as in the rest of the global economy encountered headwinds from a rapid surge in infections due to Omicron. Nonetheless, amidst upbeat consumer and business confidence and an uptick in bank credit, aggregate demand conditions stay resilient, while on the supply front, rabi sowing has exceeded last year's level and the normal acreage. Manufacturing and several categories of services remain in expansion. More recently, expectations that Omicron may turn out to be more of a flash flood than a wave have brightened near-term prospects.

II. Indian Agriculture: Achievements and Challenges

The article highlights significant achievements of the agriculture sector and assesses that new emerging challenges warrant a second green revolution along with next-generation reforms.

Highlights:

- The major achievements of Indian agriculture are marked by record production of food grains, diversification towards horticulture crops, growing importance of allied sectors and changing dynamics of agriculture trade.
- Although the key growth enablers, viz., productivity, mechanisation and irrigation have played an important role, they remain much lower compared to international standards indicating scope for further improvement.
- Alongside, Indian agriculture is confronted with emerging challenges in the form of climate change, agriculture waste management, fragmentation of farm holdings, disguised unemployment and volatility of food prices.
- The empirical analysis identifies significant role of supply-side interventions such as higher public investment, storage infrastructure and promotion of food processing industries for managing food inflation and its volatility.

III. The Impact of Covid-19 Pandemic on Consumer Confidence in India

Most countries witnessed a gradual uptick in consumer confidence after the major slump encountered when the Covid-19 pandemic first hit their shores, though it is yet to return to pre-pandemic levels in most countries. This article analyses the impact of the pandemic on consumer confidence in India, as gauged by the Reserve Bank's Consumer Confidence Survey (CCS).

Highlights:

- The pandemic severely dented consumer confidence in India, with sentiments of households across strata influenced by the spread of infections and fatalities.
- Sentiments of consumers in severely impacted cities were more affected as compared to that for respondents in other cities.
- While consumers remain concerned about the current situation, their expectations for the year ahead may portend confidence in economic recovery after subsidence of the pandemic.

IV. Changing Dynamics of Foreign Direct Investment in India

Foreign Direct Investment (FDI) plays a significant role in economic development of any country and supports economic growth by meeting the investment requirements of a capital deficit economy by bridging its saving-investment gap. The developed and emerging economies have made significant efforts for augmenting the information base on FDI, where valuation is a critical component. In India, major advancements have been made in this regard with the implementation of the Co-Ordinated Direct Investment Survey (CDIS) of the International Monetary Fund (IMF) and compilation of Foreign Affiliate Trade Statistics (FATS).

Highlights:

- India's Foreign Liabilities and Assets (FLA) census, which is a part of global CDIS initiative has been a major step forward towards estimating foreign investment and provide consistent annual data on FDI (equity and debt) on face value as well as at market value based on complete enumeration.
- The recent trends in FDI flows at the global level and across regions/countries suggest that India has generally attracted higher FDI flows and continued to remain among the top attractive destinations for international investors.
- An empirical analysis of factors influencing inward FDI, considering major countries in terms of their FDI stock position in India shows that inward FDI is significantly influenced by trade openness, economic growth prospects, market size, labour cost and capital account openness of the host countries.