

**भारतीय रिज़र्व बैंक**
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RBI Bulletin – May 2023

Today, the Reserve Bank released the [May 2023](#) issue of its monthly Bulletin. The Bulletin includes two speeches, five articles and current statistics.

The five articles are: [I. State of the Economy](#); [II. Exploring India's Export Potential through the Lens of Export Similarity Indices](#); [III. India's Steady State Equilibrium Inflation: A Revisit](#); [IV. India and COP-26 Commitments: Challenges for the Mining sector](#); and [V. Basic and Digital Financial Literacy in the Last Mile: A Snapshot from Rural West Bengal](#).

I. State of the Economy

The global economy is transfixed in the cross-currents of slowing growth and high inflation, and an uneasy calm prevails in the global financial markets as they await clearer signals from policy authorities on banking regulation and supervision, and contours of deposit insurance. In April and the first half of May 2023, domestic economic conditions have sustained the quickening of momentum seen in the last quarter of 2022-23. Headline inflation eased below 5 per cent in April 2023, for the first time since November 2021. Corporate earnings are beating consensus expectations, with banking and financial sectors posting strong revenue performance, aided by robust credit growth. In the first quarter of 2023-24, growth is expected to be driven by private consumption, supported by reviving rural demand, and renewed buoyancy in manufacturing on easing of input cost pressures.

II. Exploring India's Export Potential through the Lens of Export Similarity Indices

By Deba Prasad Rath, Abhilasha, Monika Sethi and Rashika Arora

This article deploys the export similarity index (ESI) to examine India's export potential across key geographies and large markets.

Highlights:

- India's export structure is increasingly aligning itself with world demand suggesting that India is specialising in goods and services having relatively higher international demand.
- This rising alignment of India's merchandise export pattern with world exports is a testament to the role of 'Make in India' and 'Atmanirbhar Bharat' in helping India become a key supplier to the world.

III. India's Steady State Equilibrium Inflation: A Revisit

By R. K. Sinha

This article studies the steady state level for inflation over the period 2014-22 using stochastic transitions at the micro-level. Using disaggregated (product-group) level data on inflation, it estimates the steady state level of inflation for India both for the pre-pandemic period and the full sample.

Highlights:

- The long run steady state inflation, estimated at around 4.3 per cent for the pre-COVID period, seems to have exhibited a transient pick up during the post-COVID period.
- The magnitude and pace of transition to a lower inflation trajectory would be conditioned by the speed of strengthening of economic activity and the nature and likely persistence of shocks.

IV. India and COP-26 Commitments: Challenges for the Mining sector

By V. Dhanya, Gautam and Arjit Shivhare

In COP26-Glasgow, India made a commitment to meet 50 per cent of its energy requirement with renewable energy by 2030 and to achieve net-zero emission by 2070. In this context, this paper examines India's future path to energy security and its impact on the mining sector.

Highlights:

- India has made significant strides in renewable installed capacity and its share in total installed capacity is at 41.3 per cent (including large hydro) in March 2023. Investment in renewable energy has also more than doubled in 2021-22.
- With the move towards clean energy, the mining sector is likely to see a gradual shift from coal to other essential minerals required for production of renewable energy.
- India's share in global reserve of critical minerals such as cobalt, nickel, and graphite are low. Present clean energy technologies are mineral intensive, the supply of which is concentrated in a few countries. Global coordination and technological innovations for reducing mineral requirements in producing renewable energy would play a major role in achieving a cost-effective sustainable energy transition.

V. Basic and Digital Financial Literacy in the Last Mile: A Snapshot from Rural West Bengal

By Sakshi Awasthy, Rakhe Balachandran, Barkha Gupta, Rajas Saroy, Ashish Khobragade, Gunveer Singh, Rekha Misra, Sarat Chandra Dhal

Financial literacy plays a crucial role in ensuring that financial inclusion enhances economic well-being, especially in remote villages. This article documents the existing level of financial literacy in eight randomly selected villages of West Bengal. The article empirically identifies key socioeconomic drivers of financial literacy in rural areas and proposes targeted policy interventions.

Highlights:

- Financial literacy exhibits heterogeneity across different financial aspects and demographic segments in remote areas.
- While basic financial concepts are reasonably understood, there is scope for raising awareness about digital finance, complaint escalation mechanisms, and overall financial knowledge.
- Household financial decision-makers who are economically well-off, educated, younger, and have access to smartphones are more likely to possess higher levels of financial literacy.

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