

## Reading GDP growth data

### Why in news?

- India's Gross Domestic Product (GDP) grew 8.7% in 2021-22 according to the 'provisional estimates' released by the Ministry of Statistics and Programme Implementation.

### Estimates on GDP:

- The GDP measures the value of all final goods and services, those that are bought by the final user-produced in a country in a given period (say a quarter or a year).
- India's gross domestic product (GDP) growth slowed to a four-quarter low of 4.1% during the January-March period, from 5.4% in the preceding quarter, as manufacturing output shrank.
- As a result, full-year growth came in at 8.7%, lower than the 8.9% pace projected in February.
- The latest national income estimates 'establish full economic recovery' as real GDP in 2021-22 exceeded the pre-pandemic levels of 2019-20.
- On a quarter-to-quarter basis, it argued real GDP growth was 6.7% in the fourth quarter (Q4) of 2021-22, reflecting a 'sustained growth momentum' entering the current fiscal year.

### Gross Value-Added (GVA):

- Gross Value-Added (GVA) in the economy is estimated to have grown 8.1% in 2021-22, slightly lower than the 8.3% projected by the National Statistical Office (NSO) earlier.
- The GDP had shrunk 6.6% in 2020-21, while the GVA had contracted 4.8% in the wake of the COVID-19 lockdowns.
- The contact-dependent and employment-intensive trade, hotels, transport, communication & services related to broadcasting sector continued to languish below pre-pandemic levels, ending FY22 still 11.3% lower than 2019-20 GVA levels.
- Overall GVA growth slowed to 3.9% in the January-March 2022 quarter, from 4.7% in the preceding period. Worryingly, manufacturing sector output shrank 0.2% from a year earlier.

### How are GDP and GVA different?

- While the GDP calculates national income by adding up all expenditures in the economy, the GVA calculates the national income from the supply side by looking at the value added in each sector of the economy.
- The two measures of national income are linked as follows:  $GDP - GVA + \text{Tax} = \text{Subsidies}$
- As such, if the government earned more from taxes than it spent on subsidies, GDP will be higher than GVA. If, on the other hand, if the government provided subsidies in excess of its tax revenues, the absolute level of GVA would be higher than that of GDP.
- GDP provides the demand side of the economy, and GVA the supply side.

### Way Forward:

- Going forward, interest rate hikes would start impacting real GDP towards the end of this fiscal year, but growth could get a leg-up from 'a strong bounce-back in contact-based services'.
- India has paid its growth dues in the previous decade by fixing balance sheets in the corporate and financial sector. The non-food credit growth is beginning to creep into double digits, and it is expected that after a decade of stagnation, bank credit to GDP ratio should start looking up in the decade to come.

## Trains start rolling as India, Bangladesh reboots links post pandemic

### Why in news?

- The **Jalpaiguri-Dhaka Mitali Express** will be flagged off on its maiden commercial run by the Railways Ministers of India and Bangladesh.
- This will be the third train in three days to begin running between the countries as international surface transport links return to normal after the disruption caused by the Covid-19 pandemic.
- Passenger train services between India and Bangladesh were resumed, more than two years after they were stopped on March 28, 2020-the Bandhan Express set off from Kolkata for Khulna, and the Maitree Express started from Dhaka for Kolkata.

### Bandhan Express:

- The Bandhan Express **reboots an Old rail link between Kolkata and the industrial hub of Khulna**, the third-largest city of Bangladesh.
- Until the 1965 war between India and Pakistan, this route was served by the Barisal Express.
- It was restarted the service in 2017.

#### **Maitree Express:**

- The Bandhan was the second train to roll between India and Bangladesh after the Maitree Express between Kolkata and Dhaka Cantonment, which started in April 2008.
- The Maitree, which has the capacity to carry 456 passengers has been a success since its launch. Before the pandemic hit, the tri-weekly service ran with 90 per cent occupancy.

#### **Mitali Express:**

- The Mitali Express, announced by Prime Minister Narendra Modi during his visit to Dhaka in March 2021, will connect North Bengal with the Bangladesh capital.
- The biweekly train is expected to cover the 500 odd-km distance between New Jalpaiguri and Dhaka in approximately nine hours.

#### **Freight trains:**

- The governments of the two countries have been working towards strengthening freight train links as well.
- In August 2021, the two sides started regular movement of freight trains between the newly-restored link between **Haldibari in Cooch Behar district and Chilahati in Bangladesh**.
- The Haldibari-Chilahati rail link too stopped after the 1965 war. At the time of Partition, this was part of the main broad gauge line from Kolkata to Siliguri.
- The two sides envisage at least 20 freight trains crossing the border at this point every month.

#### **Rail infrastructure:**

- Once part of a single, seamless railway network under the British, trains continued to pass between India and what was then East Pakistan even after Partition.
- A broad railway infrastructure was already in place, and policymakers on both sides viewed this as an opportunity to deepen ties using cross- border movements of goods and passengers.
- **Five railway border crossings have been rebooted so far:** Petrapole (India)-Benapole (Bangladesh), Gede (India)-Darshana (Bangladesh), Singhabad (India)-Rohanpur (Bangladesh), Radhikapur (India)-Biroi (Bangladesh), and Haldibari (India) Chilahati (Bangladesh).

#### **Way Forward:**

- Ordinarily, cargo such as stone chips, ballasts, and rice has been carried to Bangladesh from India. Railway PSU CON COR has also started moving containers with fast moving consumer goods (FMCG) for private clients.
- The idea is to establish faster and cheaper rail freight links and reduce the dependence on the sea route.

## **India's Textiles Exports highest ever in FY 2021-22**

#### **Why in news?**

- India recorded its highest-ever textiles and apparel exports in the financial year 2021-22 at USD 44.4 billion.
- The exports tally, which also includes handicrafts, indicates a substantial increase of 41 per cent and 26 per cent over corresponding figures in FY21 and FY20, respectively.

#### **Top export destinations:**

- USA was the top export destination accounting for 27% share, followed by EU (18%), Bangladesh (12%) and UAE (6%).

#### **Product categories:**

- In terms of product categories, the export of cotton Textiles was US\$ 17.2 Bn with 39% share registering a growth of 54% and 67% during 2021-22 over FY 2020-21 and FY 2019-20, respectively.
- Export of Ready-Made Garments was US\$ 16 Bn with 36% share showing a growth of 31% and 3% during 2021-22 over FY 2020-21 and FY 2019-20, respectively.
- Man-made textiles export was US\$ 6.3 Bn with 14% share which shows a growth of 51% and 18% during 2021-22 over FY 2020-21 and FY 2019-20, respectively.
- Export of Handicrafts was US\$ 2.1 Bn with 5% share reporting a growth of 22% and 16% during 2021-22 over FY 2020-21 and FY 2019-20 respectively.

