



Ministry Of External Affairs  
Government Of India



ECONOMIC  
DIPLOMACY  
& STATES  
DIVISION

# MONTHLY ECONOMIC REPORT

MARCH 2018

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# OVERVIEW

India's gross domestic product (GDP) growth at constant prices was recorded at 7.2 per cent during the third quarter of financial year 2017-18. This was higher than the growth registered in previous four quarters. As a result, India's US\$2.5 trillion economy is estimated to grow by 6.6 per cent over the financial year ending March 31 2018. Meanwhile, the growth in Gross Value Added (GVA) at constant (2011-12) basic prices for FY 2017-18 is expected to be 6.4 per cent. This indicates towards strengthening of the economy following a slowdown in the aftermath of certain national policy enactments as well as global market headwinds. At the sectoral level, agriculture, industry and services sectors grew at the rate of 3.0 per cent, 4.8 per cent and 8.3 per cent, respectively, in 2017-18. The Index of

Industrial Production (IIP) grew by 7.1 per cent in February 2018, as compared with a growth of 1.2 per cent in February 2017. Meanwhile, production of eight core infrastructure industries grew by 5.3 per cent in February 2018, as compared with 0.6 per cent in February 2017. The value of merchandise exports and imports increased by 0.7 per cent and 7.1 per cent, respectively, in in March 2018 over March 2017. The nation's foreign exchange reserves stood at US\$424.4 billion as on March 30th, compared with US\$420.6 billion on February 23rd. The CPI inflation decreased to 4.3 per cent in March 2018 from 4.4 per cent in February 2018. The budget estimate of the fiscal deficit for 2018-19 has been set at 3.3 per cent of GDP, as compared with 3.5 per cent in 2017-18 (RE).



## INDIA'S FINANCIAL MARKETS

Money Supply: Growth of money supply on year on year (Y-o-Y) basis as of March 30th 2018 stood at 9.6 per cent, as compared with a growth of 6.9 per cent a year earlier. In the components of money supply, the growth of 'currency with the public' was 39.2 per cent, as compared with a drop of 20.8 per cent a year earlier.

Growth of Aggregate deposits of Scheduled Commercial Banks (SCBs) as of March 30th was 6.7 per cent. Bank credit grew by 10.3 per cent, as compared with 4.5 per cent last year.

## INDIA'S PUBLIC FINANCE

The Union Budget 2018-19 was presented on February 1st, 2018. As per the revised estimate for 2017-18, the fiscal deficit of the Central Government as percentage of GDP is 3.5 per cent, as against the corresponding budget estimate of 3.2 per cent. The fiscal deficit is budgeted to decline to 3.3 per cent of GDP in 2018-19.

Revenue Receipts for 2017-18 is estimated at Rs15.1 trillion as compared with Rs13.7

trillion in the previous year. Tax revenue (net to Centre) is estimated at Rs12.7 trillion, as compared with Rs11 trillion a year earlier. Total expenditure is estimated to rise by more than 12 per cent to Rs22.2 trillion. Revenue receipts and tax revenue (net to Centre for the fiscal 2018-19) are estimated at Rs17.3 trillion and Rs14.8 trillion, respectively.

## INDIA'S INFLATION

Inflation based on Consumer Price Indices (CPI): The all India Consumer Price Index – Combined (CPI-C) inflation declined to 4.3 per cent in March 2018 from 4.4 per cent in February 2018.

Food inflation based on Consumer Food Price Index (CFPI) fell to 2.8 per cent in March 2018 from 3.3 per cent in February 2018, on account of fall in inflation in meat and fish, egg, milk and products, vegetables and sugar and confectionery.

Wholesale Price Index (WPI): The WPI inflation remained unchanged at 2.5 per cent in March 2018, as reported in the previous month. WPI food inflation (food articles + food products) decreased to drop by 0.1 per cent in March 2018 from to 0.1 per cent in February 2018. Inflation in fuel and power increased to 4.7 per cent as compared with 3.8 per cent.

# PERFORMANCE OF THE TOP SECTORS

## Agriculture and Food Management

- Production of food grains: As per the 2nd Advance Estimates released by the Ministry of Agriculture and Farmers Welfare on February 27th 2018, the production of foodgrains during 2017-18 is estimated at 277.5 million tonnes, as compared with 275.1 million tonnes in 2016-17 (Final Estimates).
- Stocks: The total stocks of rice and wheat held by the Food Corporation of India and State agencies as on March 1st was 47.9 million tonnes, as compared with 40.7 million tonnes a year earlier.

## Industry and Infrastructure

### Index of Industrial Production (IIP)

- The general IIP grew by 7.1 per cent in February 2018, as compared with a growth of 1.2 per cent in February 2017. The cumulative growth of IIP for the period April- February 2017-

18 was 4.3 per cent, as compared with a growth of 4.7 per cent during the corresponding period of previous year. The growth of production of the manufacturing sector was 8.7 per cent in February 2018, as compared with 0.7 per cent a year earlier.

- In terms of use based classification, all sectors, namely, primary goods, capital goods, intermediate goods, infrastructure/construction goods, consumer durable goods and consumer non-durable goods have registered positive growth.

### Eight Core Industries

- Production of eight core infrastructure industries grew by 5.3 per cent in February 2018, as compared to 0.6 per cent in February 2017. During April-February 2017-18, the production of eight core industries grew by 4.3 per cent, as compared to the growth of 4.7 per cent a year earlier.

### Production growth (per cent) in Core Infrastructure Supportive Industries

Industry	2016-17 (Apr-Feb.)	2017-18 (Apr-Feb.)	February - 2017	February - 2018
Coal	2.3	1.6	6.6	1.4
Cure oil	-2.8	-0.8	-3.4	-2.4
Natural Gas	-1.9	3.1	-2.1	-1.5
Refinery Products	5.2	4.9	-2.8	7.8
Fertilizers	0.5	0.2	-4.0	5.3
Steel	10.7	5.9	8.7	5.0
Cement	-0.6	5.7	-15.8	22.9
Electricity	5.8	5.2	1.2	4.0
Overall Growth	4.7	4.3	0.6	5.3

Source: Office of Economic Advisor, DIPP (Ministry of Commerce & Industry)

## Infrastructure Indicators

- The number of telephone subscribers in India increased from 1,175 million at the end of January 2018 to 1,180 million at end February 2018. The overall teledensity in India stood at 90.9 per hundred individuals at end February 2018; the urban tele-density was 163.2 and rural tele-density was 57.5.
- The traffic handled in major ports grew by 4.8 per cent to 679.4 million tonnes in 2017-18, from 648.4 million tonnes a year earlier.
- With addition to power generation capacity of around 9,505 MW during April-March 2017-18, the total installed capacity for electricity generation was 344 GW at the end of March 2018. Out of this, the share of thermal, hydro, renewable and nuclear sources was 64.8 per cent, 13.2 per cent, 20.1 per cent and 2.0 per cent, respectively.
- As per the Central Electricity Authority, electricity generation grew by 3.1 per cent in March 2018. In April-March 2017-18, electricity generation grew by 4.0 per cent.

## INDIA'S EXTERNAL TRANSACTIONS

- Foreign trade: Merchandise exports during March 2018 were valued at US\$29.1 billion as compared with US\$29.3 billion a year earlier.<sup>2</sup> Meanwhile, merchandise imports during March 2018 were valued at US\$42.8 billion, which was 7.2 per cent higher than last year. Under services, <sup>3</sup>exports were reported at US\$16.8 billion during March 2018 after rising by 18.7 per cent from previous year, and imports were recorded at US\$10.3 billion, marking a 24.3 per cent annual rise.

Exports and Imports (US\$ billion)							
Items	2016-17	2017	2018	% Change in Mar-18 over Mar-17	2016-17	2017-18	% Change in 17-18 (Apr-Mar) over 16-17 (Apr-Mar)
		March			(Apr-Mar)		
Exports	275852	29302	29109	-0.7	275852	302840	9.8
Imports	384356	39947	42801	7.1	384356	459670	19.6
Oil Imports	86964	9750	11108	13.9	86964	109110	25.5
Non-Oil im-ports	297392	30196	31693	5.0	297392	350560	17.9
Trade Deficit	-108504	-10645	-13692	-	-108504	-156830	-

Source: Provisional data as per the Press Release of the Ministry of Commerce and Industry

<sup>2</sup> <http://pib.nic.in/newsite/PrintRelease.aspx?relid=178671>

<sup>3</sup> [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=43928](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=43928)

- **Balance of Payments:** India's current account deficit (CAD) was US\$13.5 billion (2.0 per cent of GDP) during third quarter (October –December) of 2017-18, as compared with US\$8 billion (1.4 per cent of GDP) in the corresponding quarter of 2016 -17.
- **Foreign Exchange Reserves:** Foreign Exchange Reserves stood at US\$424.4 billion as on March 30 2018, as compared with US\$420.6 billion on February 23 2018.
- **Exchange rate:** The Indian rupee depreciated against the US dollar, Pound sterling, Euro and Japanese Yen by 1.0 per cent, 0.8 per cent, 0.9 per cent and 2.8 per cent, respectively in March 2018 over February 2018.
- **External Debt:** India's external debt stood at US\$513.4 billion at end-December 2017, recording an increase of 8.8 per cent over the level at end-March 2017. Short-term external debt was US\$97.6 billion at end-December 2017.

## INDIA'S FDI AND ODI

### Foreign Direct Investment into India (FDI)

- The nation's foreign direct investment (FDI) equity inflow over the first nine months of financial year 2017-18 spanning April-December was US\$35.9 billion, marking an increase of 0.3 per cent from previous year<sup>4</sup>
- The top investing nations were - Mauritius, Singapore, Japan, the UK and the Netherlands, the USA, Germany, Cyprus, France and the United Arab Emirates.
- The top sectors in India attracting foreign investments were - services, telecommunications, computer software and hardware, infrastructure development, automobile, trading, pharmaceuticals, chemicals, power and construction.
- The top regions receiving foreign investments - Mumbai, New Delhi,

Bengaluru, Chennai, Ahmedabad, Hyderabad, Kolkata, Kochi, Jaipur, Chandigarh.

Meanwhile, portfolio investment recorded a net inflow of US\$19.8 billion during April-December 2017 as against a net outflow of US\$3.2 billion a year earlier.

### India's Overseas Direct Investment (ODI)

- Cumulative ODI outflows (from April to December 2017): US\$7.3 billion<sup>5</sup>
- Cumulative ODI (financial commitment): US\$16.6 billion
- Top ten ODI destination countries: Mauritius, Singapore, the USA, the UAE, the Netherlands, the UK, Switzerland, Russia, Jersey, British Virgin Islands
- Sectors attracting highest ODI outflows: manufacturing, financial services, retail, logistics, agriculture and mining, community services, energy and water, construction and others.

<sup>4</sup> [http://dipp.nic.in/sites/default/files/FDI\\_FactSheet\\_21February2018.pdf](http://dipp.nic.in/sites/default/files/FDI_FactSheet_21February2018.pdf)

<sup>5</sup> <https://dea.gov.in/sites/default/files/ODI%20Fact%20Sheet%20from%20April%202014%20to%20December%202017.pdf>

# OUTLOOK FOR THE INDIAN ECONOMY

- India's GDP is expected to reach US\$6 trillion by financial year (FY) 2027 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.
- India is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity from 57 GW to 175 GW by 2022.
- India is expected to be the third largest consumer economy as its consumption may triple to US\$4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a report by Boston Consulting Group
- The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2018-19 to overtake private consumption growth of 7.4 per cent, and thereby drive the growth in India's gross domestic product (GDP) in FY 2018-19.

For more information: Ministry of Finance, Department of Economic Affairs [MONTHLY ECONOMIC REPORT MARCH 2018](#)

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