



Ministry Of External Affairs
Government Of India



ECONOMIC
DIPLOMACY
& STATES
DIVISION

MONTHLY ECONOMIC REPORT

APRIL 2019



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OVERVIEW

India's US\$2.6 trillion economy, the fastest growing major economy in the world, is estimated to have grown by 6.8 per cent during fiscal 2018-19 ending March 31.¹ Meanwhile, the revised gross domestic product (GDP) growth rates, released by the Central Statistics Office for the years 2015-16, 2016-17 and 2017-18, have been set at 8 per cent, 8.2 per cent and 7.2 per cent respectively. The growth of gross value added (GVA) at constant basic prices for the year 2018-19 is estimated to be 6.6 per cent, against GVA growth of 6.9 per cent for 2017-18. At sectoral level, the growth rate of agriculture, industry and services sectors is estimated to be 2.9 per cent, 6.9 per cent and 7.5 per cent,

respectively, in 2018-19. During April 2019, the Index of Industrial Production (IIP) grew by 3.4 per cent. Merchandise exports and imports grew by 1.3 per cent and 4.5 per cent, respectively, in April 2019. India's foreign Exchange Reserves stood at US\$419.9 billion as on end May 2019, compared with US\$412.9 billion at end March 2019. The CPI inflation stood at 2.9 percent in April 2019, same as in March 2019, while WPI inflation declined slightly to 3.1 percent in April 2019 from 3.2 percent in March 2019. The budget estimate of the fiscal deficit for 2019-20 has been set at 3.4 percent of GDP, same as in 2018- 19 (Revised Estimates).

¹ https://dea.gov.in/sites/default/files/MER_April_2019.pdf

INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on May 10 stood at 10.5 per cent, as compared with a growth rate of 9.6 per cent a year earlier.
- As on May 10, growth of aggregate deposits with Scheduled Commercial Banks (SCBs) was 10.4 per cent, as compared with 7.1 per cent a year earlier. Bank credit grew by 13 per cent as on May 10, as against 12.2 per cent a year earlier.

INDIA'S PUBLIC FINANCE

- The Union Budget 2019-20 was presented on July 5, 2019. The budget estimates of the fiscal deficit as per cent of GDP for 2019-20 has been set at 3.4 per cent, same as in 2018-19(RE).
- The budget estimate for revenue deficit as percentage of GDP for 2018-19 is 2.2 per cent, as compared with 2.6 per cent in 2017-18 (RE).
- Revenue Receipts for 2018-19 is estimated at Rs17.3 trillion, as compared with RS14.4 trillion in 2017-18. Tax revenue (net to Centre) is estimated Rs14.8 trillion, as compared with Rs12.4 trillion. Total expenditure is estimated to rise by more than 14 per cent to Rs24.6 trillion.

INDIA'S INFLATION

- **Inflation based on Consumer Price Indices (CPIs):** The all India Consumer Price Index – Combined (CPIC) remained unchanged at 2.9 per cent in April 2019 as it was in March 2019.
- Food inflation based on Consumer Food Price Index (CFPI) stood at 1.1 per cent in April 2019, as compared with 0.3 per cent in March 2019.
- CPI inflation for fuel and light inflation increased to 2.6 per cent in April 2019, as compared with 2.3 per cent in March 2019.
- **Wholesale Price Index (WPI):** The WPI inflation declined slightly to 3.1 percent in April 2019 from 3.2 percent in March 2019.
- WPI food inflation (food articles + food products) increased to 4.9 per cent in April 2019 from 3.9 per cent in March 2019 mainly on account of increase in

inflation of pulses, vegetables, eggs, meat and fish and sugar.

- Inflation in fuel and power declined to 3.8 per cent in April 2019 from 5.4 per cent in March 2019.
- Core inflation (non-food manufactured products) declined to 1.9 per cent in April 2019 from 2.5 per cent in March 2019.

PERFORMANCE OF THE TOP SECTORS

Agriculture and Food Management

- **Production of food grains:** As per the 3rd Advance Estimates (AE) for 2018-19, the total production of foodgrains during 2018-19 is estimated at 283.4 million tonnes compared with 279.6 million tonnes in 2017-18 (3rd AE).
- **Stocks:** The total stocks of rice and wheat held by the Food Corporation of India and State agencies as on May 1 was 84.7 million tonnes, compared with 64.6 million tonnes in February 1.

Industry and Infrastructure

Index of Industrial Production (IIP)

- The general IIP registered a growth of 3.6 per cent during 2018-19, as compared with 4.4 per cent a year

earlier. Meanwhile, IIP registered a growth of 3.4 per cent in April 2019, as compared with 4.5 per cent in April 2018.

- The manufacturing sector's growth during 2018-19 was 3.6 per cent, lower as compared with 4.6 per cent during 2017-18.
- IIP of manufacturing sector grew by 2.8 per cent in April 2019, as compared with 4.9 per cent in April 2018.

Eight Core Industries

- Production of eight core industries grew by 2.6 per cent in April 2019, as compared with growth of 4.7 per cent a year earlier. Production of eight core infrastructure industries grew by 4.3 percent in 2018-19, same as in 2017-18



Production growth (per cent) in Core Infrastructure Supportive Industries

Industry	2017-18	2018-19	Apr-18	Apr-19
Coal	2.6	7.4	15.2	2.8
Cure oil	-0.9	-4.1	-0.8	-6.9
Natural Gas	2.9	0.8	5.7	-0.8
Refinery Products	4.6	3.1	2.7	4.3
Fertilizers	0	0.3	4.6	-4.4
Steel	5.6	4.7	3	1.5
Cement	6.3	13.3	21.9	0.8
Electricity	5.3	5.2	2.1	5.8
Overall Growth	4.3	4.3	4.7	2.6

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

Infrastructure Indicators

- The number of telephone subscribers in India increased from 1,183 million at end March 2019 to 1,184 million at end April 2019. The overall tele-density in India was 90.1 at end April 2019; the urban tele-density was 160.1 and rural tele-density was 57.3 at end April 2019.
- The traffic handled at major ports grew by 5.7 percent to 60.1 million tonnes in April 2019, from 56.9 million tonnes a year earlier.
- The total installed capacity for electricity generation was 356.1 GW at the end of April 2019, of which the share of thermal, hydro, renewable and nuclear sources was 63.5 per cent, 12.7 per cent, 21.8 per cent and 1.9 per cent, respectively.
- As per the Central Electricity Authority, electricity generation grew by 4.9 percent in April 2019.

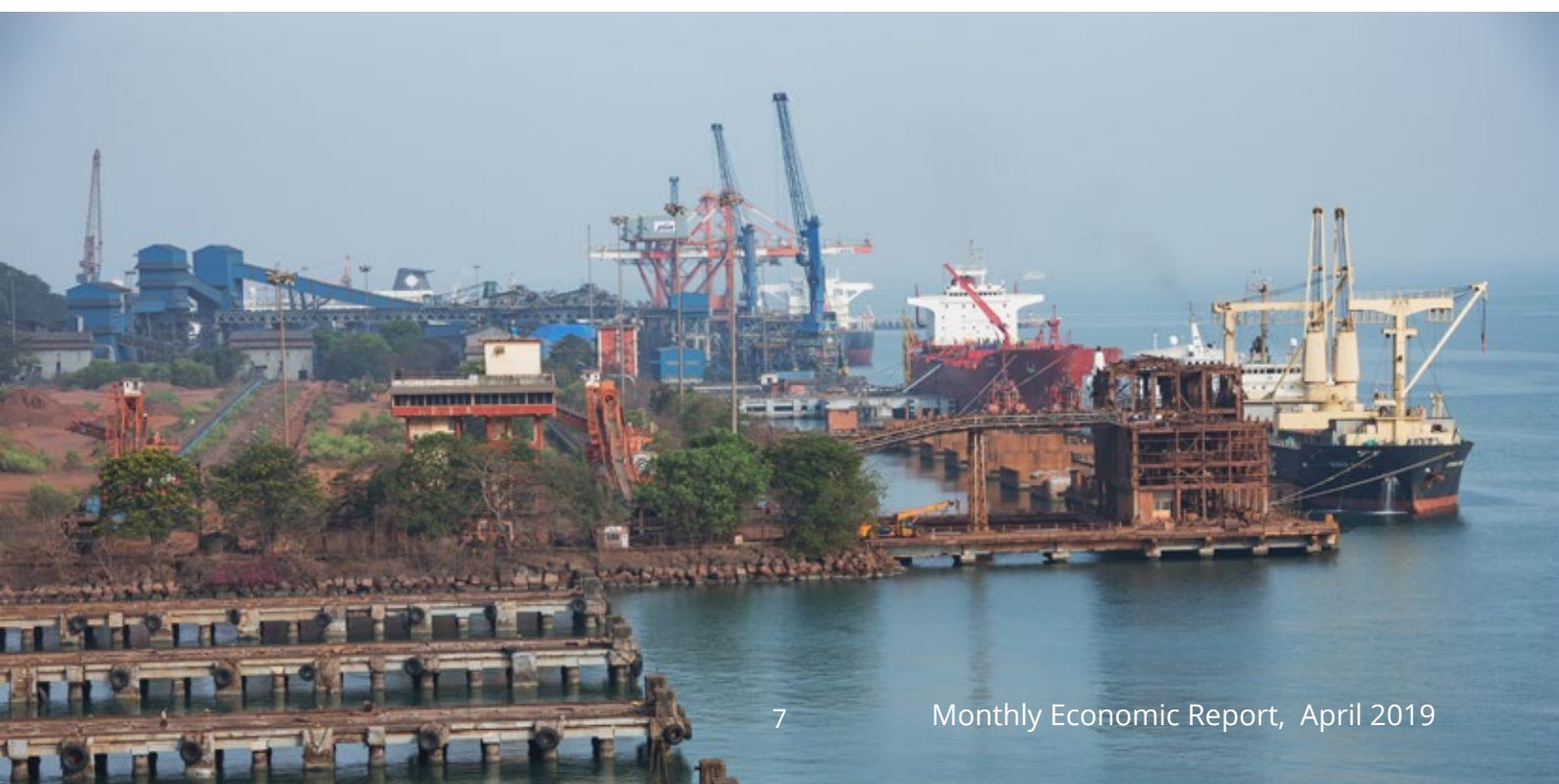
INDIA'S EXTERNAL TRANSACTIONS

Foreign trade: India's overall exports (Merchandise and Services) in April 2019 is estimated at US\$44.1 billion, exhibiting a growth of 1.3 per cent. Meanwhile, overall imports in April 2019 is estimated to be US\$52.8 billion, exhibiting a growth of 4.5 per cent.²

² <http://pib.nic.in/newsite/PrintRelease.aspx?relid=190012>

Exports and Imports (US\$ billion)				
Items	2018-19	April 2018	April 2019(P)	Growth (%)
Exports	329.5	25.9	26.1	0.6
Imports	513.1	39.6	41.4	4.5
Oil Imports	140.9	10.4	11.4	9.3
Non-Oil imports	372.2	29.2	30	2.8
Trade Deficit	-183.6	-13.7	-15.3	-
Source: Ministry of Commerce and Industry Note: P: Provisional				

- **Balance of Payments:** India's current account deficit (CAD) was 2.6 per cent of GDP (US\$51.9 billion) in April-December 2018, as compared with 1.8 per cent of GDP (US\$35.7 billion) in the corresponding period of 2017-18. The widening of the CAD was primarily on account of a higher trade deficit.
- **Foreign Exchange Reserves:** India's foreign Exchange Reserves stood at US\$ 419.9 billion as on end May 2019, as compared with US\$412.9 billion at end-March 2019.
- **Exchange rate:** The Indian rupee appreciated against the US dollar, Pound sterling, Euro and Japanese Yen by 0.1 per cent, 1.1 per cent, 0.6 per cent and 0.5 per cent, respectively in April 2019 over the previous month of March 2019.
- **External Debt:** India's external debt stood at US\$521.2 billion at end-December 2018, recording an increase of 0.4 per cent over the level at end-December 2017. Short-term external debt (by original maturity) was US\$103.9 billion at end-December 2018.



INDIA'S FDI AND ODI

Foreign Direct Investment into India (FDI)

- The nation's foreign direct investment (FDI) equity inflow over 2018-19 spanning was US\$44.4 billion, compared with US\$44.9 billion a year earlier.³
- The top investing nations were - Mauritius, Singapore, Japan, the Netherlands, the UK, the USA, Germany, Cyprus, the United Arab Emirates, France.
- The top sectors in India attracting foreign investments were - services, computer software and hardware, telecommunications, infrastructure development, trading, automobile, chemicals, pharmaceuticals, construction and power.
- The top regions receiving foreign investments - Mumbai, New Delhi, Bengaluru, Chennai, Ahmedabad, Hyderabad, Kolkata, Kochi, Chandigarh and Jaipur.

India's Overseas Direct Investment (ODI)

- Cumulative ODI outflows (2018-19): US\$12.4 billion⁴
- Cumulative ODI (financial commitment): US\$32.7 billion
- Top ten ODI destination countries: Singapore, the USA, the UK, the Netherlands, the UAE, Russia, Switzerland, Mauritius, Cayman Island, Indonesia
- Sectors attracting highest ODI outflows: financial services, manufacturing, retail, agriculture and mining, construction, community services, energy and water, connectivity projects, and others.

³ https://dipp.gov.in/sites/default/files/FDI_Factsheet_27May2019.pdf

⁴ <https://dea.gov.in/sites/default/files/ODI%20Fact%20sheet%20May%202019.pdf>



OUTLOOK FOR THE INDIAN ECONOMY

- India has jumped 65 spots over last four years to reach 77th ranking on World Bank's Ease of Doing Business 2019 ranking
- India, world's fifth largest manufacturer, ranked 30th on the World Economic Forum's Future of Production Report 2018
- India emerged as the top recipient of greenfield FDI among the commonwealth block of 53 countries over 2003–2016
- India has ranked 58th, up five places from 2017, on the World Economic Forum's 2018 global competitiveness index
- India is most attractive emerging market for global partners investment, as per Emerging Market Private Equity Association (EMPEA)
- India is the fastest growing major economy in the world, as per the World Bank and International Monetary Fund (IMF)
- 7.6% GDP growth estimated for India in 2019, according to UN World Economic Situation and Prospects 2019 report
- India's first States' Startup Ranking 2018 released to create competition in innovation and entrepreneurship and investment
- India is expected to be the third largest consumer economy with consumption tripling to US\$4 trillion by 2025, according to a BCG
- Outlook for India remains largely positive, underpinned by robust consumption, investment and reforms, as per UN's WESP 2018 report

For more information: Ministry of Finance, Department of Economic Affairs
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