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OVERVIEW

India's US\$2.9 trillion economy is estimated to record growth of 5 per cent during the financial year 2019-20 ending March 2020. GDP growth during the second quarter was 4.5 per cent, following 5 per cent growth in the first quarter. The nation recorded an average gross domestic product (GDP) growth of 7 per cent over the past five fiscals. The growth of real gross value added (GVA) at constant basic prices for the second quarter of 2019-20 was estimated at 4.3 per cent. At sectoral level, growth of agriculture, industry and services sectors is estimated at 2.1 per cent, 0.5 per cent and 6.8 per cent, respectively, in Q2 2019-20. Meanwhile, the Index of Industrial Production (IIP) grew by 1.8 per cent during November 2019.

The value of overall exports (merchandise and services) increased by 0.9 per cent while overall imports declined by 5.8 per cent over April-December 2019-20. India's foreign exchange reserves stood at US\$466.7 billion as on January 24 2020, compared with US\$454.9 billion on December 20, 2019. The CPI inflation stood at 7.3 per cent in December 2019, as compared with 5.5 per cent in November 2019, while WPI inflation rate increased to 2.6 per cent in December 2019 as compared with 0.6 per cent in November 2019. The Budget Estimate of the fiscal deficit for 2020-21 has been set at 3.5 per cent of GDP, as compared with 3.8 per cent in 2019-20 (Revised Estimates).



INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on January 3 2020 stood at 10.1 per cent, as compared with a growth rate of 10.6 per cent a year earlier.
- Growth of aggregate deposits at scheduled commercial banks was 9.8 per cent as on January 3, as compared with 9.9 per cent a year earlier. Bank credit grew by 7.6 per cent, as against 14.5 per cent a year earlier.

INDIA'S PUBLIC FINANCE

- The Union Budget 2019-20 was presented on July 5, 2019. The Budget Estimate of the fiscal deficit as percentage of GDP for 2020-21 has been set at 3.5 per cent, as compared to 3.8 per cent in 2019-20 (Revised Estimates (RE)).
- The budget estimate for revenue deficit as a percentage of GDP for 2019-20 was 2.4 per cent (RE), same as compared 2018-19. The revenue deficit for 2020-21 is budgeted to be 2.7 per cent of GDP.
- Revenue Receipts for 2019-20 is estimated at Rs19.6 trillion, as compared with Rs17.3 trillion in 2018-19. Tax revenue (net to Centre) is estimated to be Rs16.5 trillion, as compared with Rs14.8 trillion. Total expenditure is estimated to rise by more than 13.4 per cent to Rs27.9 trillion.

INDIA'S INFLATION

- **Inflation based on Consumer Price Indices (CPIs):** The all India Consumer Price Index – Combined (CPIC) was 7.3 per cent in December 2019 as compared to 5.5 per cent in November 2019.
- Food inflation based on Consumer Food Price Index (CFPI) rose to 14.1 per cent in December 2019 as compared with 10.0 per cent in November 2019, mainly due to increase in inflation of cereals and products, milk and products, meat and fish, egg, oils and fats, fruits, vegetables, pulses & products, sugar and confectionery and spices.
- CPI inflation for fuel and light stood at 0.7 per cent in December 2019 as compared (-)1.9 per cent in November 2019.
- CPIC inflation was 4.1 per cent in April-December 2019, as compared to 3.7 per cent in April-December 2018.
- **Wholesale Price Index (WPI):** The WPI inflation rate increased to 2.6 per cent in December 2019, as compared to 0.6 per cent in November 2019.

- WPI food inflation (food articles + food products) increased to 11.1 per cent in December 2019 from 9.0 per cent in November 2019, mainly on account of increase in inflation of vegetables, sugar, edible oils and milk.
- Inflation in fuel and power stood at (-)1.46 per cent in December 2019 as compared to (-)7.32 per cent in November 2019.
- Core inflation (non-food manufactured products) stood at (-)1.6 per cent in December 2019, as compared to (-)1.9 per cent in November 2019.

PERFORMANCE OF THE TOP SECTORS

Agriculture and Food Management

- **Production of food grains:** As per the first Advance estimates for 2019-20, the total production of kharif foodgrains is estimated at 140.6 million tonnes.
- As per the 4th advance estimates for 2018-19, the total production of foodgrains during 2018-19 is estimated at 285 million tonnes, same as in 2017-18 (final estimate).
- **Stocks:** The total stocks of rice and wheat held by the Food Corporation of India and the state agencies as on January 1 2020 was 74.9 million tonnes, compared with 73.9 million tonnes on December 1 2019.

Industry and Infrastructure

Index of Industrial Production (IIP)

- IIP registered a growth of 0.6 per cent in April-November 2019, as compared with 5.0 per cent during April-November 2018.

- IIP grew by 1.8 percent in November 2019, as compared to 0.2 percent recorded in November 2018.
- The manufacturing sector's growth during April-November 2019 was 0.9 per cent, lower as compared with 4.9 per cent a year earlier.
- IIP of manufacturing sector grew by 2.7 per cent in November 2019, as compared to a contraction of 0.7 per cent in November 2018.

Eight Core Industries

- In December 2019, the production of eight core industries grew by 1.3 per cent, as compared with a growth of 2.1 per cent recorded in December 2018. Production of eight core industries grew by 0.2 per cent in April-December 2019 as compared to a growth of 4.8 per cent a year earlier.

Production growth (per cent) in Core Infrastructure Supportive Industries

Industry	April-May 2018-19	April-May 2019-20	May 2018	May 2019
Coal	7.9	-3.8	1.1	6.1
Crude oil	-3.7	-6	-4.3	-7.4
Natural Gas	-0.1	-3.8	4.2	-9.2
Refinery Products	4.1	-0.6	-4.8	3
Fertilizers	-1.4	4.7	-2.4	10.2
Steel	4.3	5.2	10.1	1.9
Cement	13.9	0.7	11.6	5.5
Electricity	6.4	0.5	4.4	-1.6
Overall Growth	4.8	0.2	2.1	1.3

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

Infrastructure Indicators

- The number of telephone subscribers in India declined from 1204.9 million at end-October 2019 to 1175.9 million at end-November 2019. The overall tele-density in India was 88.9; the urban tele-density was 157.3 and rural tele-density was 56.7.
- The traffic handled at major ports grew by 1.0 percent to 524 million tonnes in April-December 2019, from 518.9 million tonnes a year earlier.
- The total installed capacity for electricity generation was 3,67,281 MW at the end of December 2019, of which the share of thermal, hydro, renewable and nuclear sources was 62.8 per cent, 12.4 per cent, 23 per cent and 1.8 per cent, respectively.
- As per the Central Electricity Authority, electricity generation fell by 2.1 per cent in December 2019 (YoY basis).



INDIA'S EXTERNAL TRANSACTIONS

Foreign trade: India's overall exports (Merchandise and Services combined) in April-December 2019-20 was estimated to be US\$397.5 billion, exhibiting a growth of 0.93 per cent. Overall imports in April-

December 2019-20 are estimated to be US\$455.1 billion, exhibiting a decline of (-)5.82 per cent.¹

Exports and Imports (US\$ billion)							
Items	2018-19	August		Growth (%)	April-August		Growth (%)
		2018	2019(P)		2018	2019(P)	
Exports	330.1	27.9	27.4	-1.8	244.1	239.3	-2
Imports	514.1	42.4	38.6	-8.8	392.3	357.4	-8.9
Oil Imports	140.9	10.8	10.7	-0.8	108.5	95.7	-11.8
Non-Oil imports	373.2	31.6	27.9	-11.6	283.8	261.7	-7.8
Trade Deficit	-184	-14.5	-11.3	-	-148.2	-118.1	-

Source: Ministry of Commerce and Industry | Note: P: Provisional

Balance of Payments: India's current account deficit (CAD) was 0.9 per cent of GDP (US\$6.3 billion) in Q2 of 2019-20, as compared to 2.9 per cent of GDP (US\$19.0 billion) in Q2 of 2018-19. The contraction of the CAD in Q2 of 2019-20 was primarily on account of lower trade deficit.

- **Foreign Exchange Reserves:** India's foreign exchange reserves stood at US\$466.7 billion as on January 24 2020, compared with US\$454.9 billion as on December 20, 2019.

- **Exchange rate:** The Indian rupee appreciated against the Pound sterling and Euro by 1.2 per cent and 0.2 per cent, respectively. However it depreciated against US dollar and Japanese Yen by 0.3 per cent and 0.6 per cent, respectively.
- **External Debt:** India's external debt stood at US\$557.5 billion at end-September 2019, recording an increase of 0.5 per cent over the level at end-June 2019. Short-term external debt (by original maturity) was US\$109.1 billion at end-September 2019.



¹ <https://pib.gov.in/newsite/PrintRelease.aspx?relid=197443>

INDIA'S FDI AND ODI

Foreign Direct Investment into India (FDI)

- The nation's foreign direct investment (FDI) equity inflow over April-September 2019 was US\$26.1 billion, a jump of 15 per cent from the previous year.²
- FDI equity inflow in 2018-19 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 USA, the UK, Germany, Cyprus, France, and the United Arab Emirates.
- 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, Delhi, Bengaluru, Chennai, Ahmedabad, Hyderabad, Kolkata, Chandigarh, Kochi and Jaipur.

India's Overseas Direct Investment (ODI)

- Cumulative ODI outflow (2019-20, up to November 30): US\$6.9 billion⁴
- Cumulative ODI (financial commitment): US\$18.3 billion
- Top ten ODI destination countries: Singapore, the USA, the UK, Switzerland, Russia, Japan, the Netherlands, Mauritius, UAE, British Virgin Islands
- Sectors attracting highest ODI outflows: manufacturing, financial services, retail and hospitality, construction, energy and water, agriculture and mining, community services, connectivity projects, and others.

² https://dipp.gov.in/sites/default/files/FDI_Factsheet_September2019_01January2019.pdf

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

⁴ <https://dea.gov.in/sites/default/files/Overseas%20Direct%20Investment%20Data%20from%20April%202017%20to%20November%20202019.pdf>



MAJOR ECONOMIC DECISIONS IN SEPTEMBER 2019

- The Union Cabinet has approved a proposal for conducting the Census of India 2021 at a cost of Rs.87.5 billion and an updation of the National Population Register (NPR) at a cost of Rs. 39.4 billion.
- The Union Cabinet has approved an organisational restructuring of the Indian Railways. This historic reform will go a long way in achieving Government's vision of making Indian Railways the growth engine of India's vikas yatra.
- The Union Cabinet has approved the "Partial Credit Guarantee Scheme" for purchase of high-rated pooled assets from financially sound NBFCs/HFCs by PSBs.
- The Union Cabinet approved a proposal of the Ministry of Road Transport and Highways, authorising the National Highways Authority of India (NHAI) to set up Infrastructure Investment Trust(s) (InvIT) as per InvIT Guidelines issued by SEBI. This will enable NHAI to monetize completed National Highways that have a toll collection track record of at least one year and NHAI reserves the right to levy toll on the identified highway.
- The Cabinet Committee on Economic Affairs (CCEA) has agreed to extend the timeline upto 31.03.2022 for development of Horticulture in the UTs of Jammu & Kashmir and Ladakh under Mission for Integrated Development of Horticulture (MIDH).
- The CCEA approved the launch of the Bharat Bond Exchange Traded Fund (ETF) to create an additional source of funding for Central Public Sector Undertakings (CPSUs), Central Public Sector Enterprises (CPSEs), Central Public Financial Institutions (CPFIs), and other Government organizations. The Bharat Bond ETF would be the first corporate Bond ETF in the country.

For more information: Ministry of Finance, Department of Economic Affairs
[MONTHLY ECONOMIC REPORT December 2019](#)

