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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 third quarter was 4.7 per cent, compared with the growth of 5.6 per cent and 5.1 per cent in first quarter and second quarter of 2019-20, respectively. The nation recorded an average gross domestic product (GDP) growth of 7 per cent over the past five fiscals. Meanwhile, the real GVA is estimated to grow at 4.9 per cent in 2019-20, compared with 6 per cent in 2018-19. At sectoral level, growth of agriculture, industry and services sectors has been estimated at 3.7 per cent, 1.8 per cent and 7 per cent, respectively, in 2019-20. The Index of Industrial Production

(IIP) registered a growth of 0.5 per cent in April-December 2019, as compared to 4.7 per cent during April-December 2018. The value of overall exports (merchandise and services) increased by 1.9 per cent while overall imports declined by 4.7 per cent over April-January 2019-20. India's foreign exchange reserves stood at US\$476.1 billion as on 21st February 2020, as compared with US\$466.7 billion as on January 24 2020. The CPI inflation was 4.5 per cent in April-January 2019-20, as compared with 3.6 per cent in April-January 2018-19. 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.



INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on January 31 2020 stood at 10.2 per cent, as compared with a growth rate of 10.4 per cent a year earlier.
- Growth of aggregate deposits at scheduled commercial banks was 9.9 per cent as on January 31, as compared with 9.6 per cent a year earlier. Bank credit grew by 7.1 per cent, as against 14.5 per cent a year earlier.

INDIA'S PUBLIC FINANCE

- The Union Budget 2019-20 was presented on February 1, 2020. 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 with 2018-19. The revenue deficit for 2020-21 is budgeted to be 2.7 per cent of GDP.
- Revenue Receipts for 2020-21 is estimated at Rs.20.2 trillion, as compared with an estimated Rs.19.6 trillion in 2019-20. Tax revenue (net to Centre) is estimated to be Rs.16.4 trillion, as compared with Rs.16.5 trillion. Total expenditure is estimated to rise by more than 9 per cent to Rs.30.4 trillion.

INDIA'S INFLATION

- **Inflation based on Consumer Price Indices (CPIs):** The all India Consumer Price Index – Combined (CPIC) inflation was 7.6 per cent in January 2020 as compared with 7.4 per cent in December 2019.
- Food inflation based on Consumer Food Price Index (CFPI) decreased to 13.6 per cent in January 2020 as compared to 14.2 per cent in December 2019, mainly due to decrease in inflation of vegetables.
- CPI inflation for fuel and light stood at 3.7 per cent in January 2020 as compared with 0.7 per cent in December 2019 and 2.1 per cent in January 2019.
- CPIC inflation was 4.5 per cent in April-January 2019-20, as compared to 3.6 per cent in April-January 2018-19.
- CPI core inflation (non-food non-fuel) stood at 4.2 per cent in January 2020 as compared with 3.8 per cent in December 2019.

- **Wholesale Price Index (WPI):** The WPI inflation rate increased to 3.1 per cent in January 2020, as compared with 2.6 per cent in December 2019.
- WPI food inflation (food articles + food products) decreased to 10.1 per cent in January 2020 from 11.0 per cent in December 2019, mainly on account of decrease in inflation of cereals, pulses, vegetables and sugar.
- Inflation in fuel & power increased to 3.4 per cent in January 2020 as compared with (-)1.5 percent in December 2019.
- WPI core inflation (non-food manufactured products) stood at (-) 1.0 per cent in January 2020, as compared to (-)1.6 per cent in December 2019.

PERFORMANCE OF THE TOP SECTORS

Agriculture and Food Management

- **Production of food grains:** As per the 2nd Advance Estimates for 2019-20, the total production of food-grains during 2019-20 is estimated at 292.0 million tonnes compared with 285.2 million tonnes in 2018-19.
- 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 February 1 2020 was 75.3 million tonnes, compared with 74.9 million tonnes on January 1 2020.

Industry and Infrastructure

Index of Industrial Production (IIP)

- IIP registered a growth of 0.5 per cent in April-December 2019, as compared with 4.7 per cent during April-December 2018.
- IIP declined by 0.3 per cent in December 2019, as compared with a growth of 2.5 per cent recorded in December 2018.
- The manufacturing sector's growth during April-December 2019 was 0.5 percent, lower as compared to 4.7 percent.
- IIP of the manufacturing sector declined by 1.2 per cent in December 2019, as compared with a growth of 2.9 per cent in December 2018.



Eight Core Industries

- In January 2020, the production of eight core industries grew by 2.2 per cent, as compared with a growth of 1.5 per cent recorded in January 2019. Production

of eight core industries grew by 0.6 per cent in April-January 2019-20 as compared with a growth of 4.4 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	7.1	-2.4	2	8
Crude oil	-3.8	-6	-4.3	-5.3
Natural Gas	0.5	-4.3	6.2	-9.1
Refinery Products	3.4	-0.4	-2.6	1.9
Fertilizers	-0.3	4.2	10.5	-0.1
Steel	4.4	5.3	5.5	2.2
Cement	13.6	1.1	11	5
Electricity	5.8	0.9	0.8	2.8
Overall Growth	4.4	0.6	1.5	2.2

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

Infrastructure Indicators

- The number of telephone subscribers in India declined from 1175.9 million at end November 2019 to 1172.4 million at end December 2019. The overall tele-density in India was 88.6 at end December 2019; the urban tele-density was 156.3 and rural tele-density was 56.7.
- The traffic handled at major ports grew by 1.1 per cent to 585.7 million tonnes

in April-January 2019- 20, from 579.1 million tonnes a year earlier.

- The total installed capacity for electricity generation was 368.7 GW at the end of January 2020, of which the share of thermal, hydro, renewable and nuclear sources was 62.4 per cent, 12.3 per cent, 23.4 per cent and 1.8 per cent, respectively.
- As per the Central Electricity Authority, electricity generation grew by 2.0 per cent in January 2020 (YoY basis).



INDIA'S EXTERNAL TRANSACTIONS

Foreign trade: India's overall exports (merchandise and services combined) in April-January 2019-20 was estimated to be US\$446.5 billion, exhibiting a growth of 1.9 per cent over the same period last

year. Overall imports in April-January 2019-20 was estimated to be US\$510.6 billion, exhibiting a decline of 4.7 per cent over the same period last year.¹

Exports and Imports (US\$ billion)							
Items	2018-19	August		Growth (%)	April-August		Growth (%)
		2019	2020		2018-19	2019-20	
Exports	330.1	26.4	26	-1.7	270.5	265.3	-1.9
Imports	514.1	41.5	41.1	-0.7	433.8	398.5	-8.1
Oil Imports	140.9	11.3	13	15.3	119.7	108.7	-9.2
Non-Oil imports	373.2	30.2	28.2	-6.7	314	289.9	-7.7
Trade Deficit	-184	-15	-15.2	-	-163.3	-133.3	-

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\$476.1 billion as on February 21 2020, compared with US\$466.7 billion as on January 24 2020.
- Exchange rate:** The Indian rupee depreciated against the US dollar, Pound sterling and Euro by 0.11 percent, 0.1 percent and 0.13 percent, respectively, in January 2020. However, it appreciated against the Japanese Yen by 0.02 percent in January 2020.
- 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. at end-September 2019.



¹ <https://pib.gov.in/newsite/PrintRelease.aspx?relid=199335>

INDIA'S FDI AND ODI

Foreign Direct Investment into India (FDI)

- The nation's foreign direct investment (FDI) equity inflow over April-December 2019 was US\$36.8 billion, a jump of 10 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, trading, infrastructure development, automobile, chemicals, pharmaceuticals, construction, and power.
- The top states receiving foreign investments - Maharashtra, Delhi, Karnataka, Gujarat, Tamil Nadu, Haryana, Telangana, Rajasthan, Andhra Pradesh, and West Bengal.

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_December-19_5March2020.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 the closure of Hindustan Fluorocarbons Ltd (HFL), a Central Public Sector Enterprise (CPSE) under the Department of Chemicals & Petrochemicals.
- The Union Cabinet has approved an “In Principle” strategic disinvestment of equity shareholding of Minerals & Metals Trading Corp Ltd, National Mineral Development Corp, MECON and Bharat Heavy Electricals Ltd in Neelachal Ispat Nigam Ltd, a JV firm with two Government of Odisha PSUs.
- The Union Cabinet has approved capital grant as viability gap funding to Indradhanush Gas Grid Ltd for setting up the North East Natural Gas Pipeline Grid.
- The Union Cabinet approved to extend the existing Productivity Linked Reward (PLR) Scheme beyond 2017-18 until any change/amendment is made in the Scheme.
- The Union Cabinet approved allocation of 30 percent of the North Eastern Council’s (NEC) allocation for new projects for focused development of deprived areas, neglected sections of society and emerging priority sectors.
- The Union Cabinet approved amendments/extension/repeal in acts dealing with Goods and Services Tax, Value Added Tax and Excise Duty in view of merger of Dadra & Nagar Haveli and Daman & Diu.



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