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OVERVIEW

India's US\$2.6 trillion economy is estimated to grow by 7 per cent in fiscal 2018-19 ending March 31 2019, compared with a growth of 7.2 per cent in fiscal 2017-18.¹ Meanwhile, the growth of Gross Value Added (GVA) at constant basic prices for the year 2018-19 is estimated to be 6.8 per cent, as 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 2.7 per cent, 7.7 per cent and 7.4 per cent, respectively, in 2018-19. During December 2018, the Index of Industrial Production (IIP) grew by 2.4 per cent. Merchandise exports and imports grew by 3.7 per cent and (-) 0.01 per cent, respectively, in January 2019.

India's foreign Exchange Reserves stood at US\$398.2 billion as on January 25, compared with US\$393.4 billion at end December 2018. CPI inflation declined to 2 per cent in January 2019 from 2.1 per cent in December 2018. The WPI inflation declined to 2.8 per cent in January from 3.8 per cent in December 2018. The budget estimate of the fiscal deficit for 2019-20 has been set at 3.4 per cent of GDP, same as in 2018- 19 (Revised Estimates).

¹ https://dea.gov.in/sites/default/files/MER_January_2019.pdf

INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on January 18 stood at 10.4 per cent, same as a year earlier.
- As on January 18, growth of aggregate deposits of Scheduled Commercial Banks (SCBs) was 9.7 per cent, as compared with 4.6 per cent a year earlier. Bank credit grew by 14.6 per cent as on January 18, as against 10.2 per cent a year earlier.

INDIA'S PUBLIC FINANCE

- The Union Budget 2018-19 was presented on February 1st, 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) inflation declined to 2 per cent in January 2019 from 2.1 per cent in December 2018.
- Food inflation based on Consumer Food Price Index (CFPI) stood at (-) 2.2 per cent in January 2019, compared with (-) 2.6 per cent in December 2018.
- CPI inflation for fuel and light declined to 2.2 per cent in January 2019, as compared with 4.5 per cent in December 2018.
- **Wholesale Price Index (WPI):** The WPI inflation declined to 2.8 per cent in January 2019 from 3.8 per cent in December 2018.
- WPI food inflation (food articles + food products) stood at 1.8 per cent in January 2019, compared with 0.1 per cent in December 2018, mainly

on account of increase in inflation of cereals, pulses, eggs, meat and fish.

- Inflation in fuel and power declined to 1.8 per cent in January 2019 from 8.4 per cent in December 2018.
- Core inflation (non-food manufactured products) was 2.9 per cent in January 2019, as compared with 4.2 per cent in December 2018.

PERFORMANCE OF THE TOP SECTORS

Agriculture and Food Management

- **Production of food grains:** As per 1st Advance Estimates (AE) released by Ministry of Agriculture and Farmers' Welfare on September 26, production of food-grains during 2018-19 in kharif season is estimated at 141.6 million tonnes, compared with 140.7 million tonnes in 2017-18.
- **Stocks:** The total stocks of rice and wheat held by the Food Corporation of India and State agencies as on February 1, 2019, was 64.6 million tonnes, as compared with 63.8 million tonnes on January 1.

Industry and Infrastructure

Index of Industrial Production (IIP)

- The general IIP registered a growth of 2.4 per cent in December 2018, as compared with 7.3 per cent in December 2017. The growth of IIP during April-December 2018 was 4.6 per cent, as compared with 3.7 per cent a year earlier.
- The production of the manufacturing sector grew by 2.7 per cent in December 2018, as compared with a

growth of 8.7 per cent in December 2017.

- The manufacturing sector's growth during April-December 2018 was 4.7 per cent, higher as compared with 3.8 per cent during April-December 2017.

Eight Core Industries

- Production of eight core infrastructure industries grew by 1.8 per cent in January 2019, as compared with a growth of 6.2 per cent in January 2018. During April-January 2018-19, the production of eight core industries grew by 4.5 per cent, as compared with a growth of 4.1 per cent recorded a year earlier.

Production growth (per cent) in Core Infrastructure Supportive Industries

Industry	2017-18 (Apr-Jan)	2018-19 (Apr-Jan)	Jan 2018	Jan 2019
Coal	1.8	7.1	3.8	1.7
Cure oil	-0.7	-3.8	-3.2	-4.3
Natural Gas	3.5	0.5	-1.2	6.2
Refinery Products	4.7	3.4	11	-2.6
Fertilizers	-0.7	-0.3	-1.6	10.5
Steel	5.7	5	1.7	8.2
Cement	4	13.6	19.6	11
Electricity	5.3	5.7	7.7	-0.4
Overall Growth	4.1	4.5	6.2	1.8

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

Infrastructure Indicators

- The number of telephone subscribers in India increased from 1,194 million at end November 2018 to 1,198 million at end December 2018. The overall teledensity in India was 91.5 at end December 2018; the urban tele-density was 160 and rural tele-density was 59.5.
- The traffic handled at major ports grew by 3.1 per cent to 578.9 million tonnes in April-January 2018- 19, from 561.4 million tonnes a year earlier.
- The total installed capacity for electricity generation was 349.3 GW at the end of December 2018, of which the share of thermal, hydro, renewable and nuclear sources was 63.9 per cent, 13.0 per cent, 21.2 per cent and 1.9 per cent, respectively.
- As per the Central Electricity Authority, power output grew by 3.6 per cent in December 2018.

INDIA'S EXTERNAL TRANSACTIONS

Foreign trade: Merchandise exports during January 2019 were valued at US\$26.4 billion, as compared with US\$25.4 billion in January 2018, exhibiting a positive growth of 3.7 percent.² Meanwhile, merchandise imports during January 2019 were valued at US\$41 Billion, which was 0.01 per cent higher than imports of US\$41.1 billion in January 2018. Under

services, exports during December 2018 were valued at US\$17.9 billion, registering a growth of 7.5 per cent from November 2018, and imports were valued at US\$11.4 billion, clocking growth of 12.5 per cent.

² <http://pib.nic.in/newsite/PrintRelease.aspx?relid=188645>

Exports and Imports (US\$ billion)							
Items	2017-18	Jan 2017	Jan 2018 (P)	Growth (%)	Apr-Jan 2017	Apr-Jan 2018(P)	Growth (%)
Exports	303.5	25.4	26.4	3.7	248.2	271.8	9.5
Imports	465.6	41.1	41.1	0.01	384.4	427.7	11.3
Oil Imports	108.7	11.7	11.2	-3.6	87.3	119.3	36.6
Non-Oil imports	356.9	29.4	29.8	1.4	297.1	308.4	3.8
Trade Deficit	-162.1	-15.7	-14.7	-	-136.2	-155.9	-
Source: Ministry of Commerce and Industry Note: P: Provisional							

- **Balance of Payments:** India's current account deficit (CAD) was US\$35.1 billion (2.7 per cent of GDP) in the first half (April-Sept) of 2018-19, as compared with US\$21.9 billion (2.5 per cent of GDP) a year earlier. The widening of the CAD on year-on-year basis was primarily on account of a higher trade deficit.
- **Foreign Exchange Reserves:** India's foreign Exchange Reserves stood at US\$398.2 billion as on January 25, compared with US\$393.4 billion at end December 2018. In H1 2018-19, there was a depletion of US\$13.2 billion of foreign exchange reserves (on BoP basis), as against an accretion of US\$20.9 billion in H1 of 2017-18.
- **Exchange rate:** The depreciating trend of Rupee-US Dollar exchange rate reversed in November 2018 and maintained a mostly stable rate till January 2019. The rupee depreciated against the US dollar by only 0.1 per cent, while it depreciated against Euro and Japanese Yen by 4.9 per cent and 3.2 per cent, respectively, and appreciated against pound sterling by 2.4 per cent in January 2019 over December 2018.
- **External Debt:** India's external debt stood at US\$510.4 billion at end-September 2018, recording an increase of 3.1 per cent over the level at end-September 2017. Short-term external debt was US\$104.3 billion at end-September 2018.

INDIA'S FDI AND ODI

Foreign Direct Investment into India (FDI)

- The nation's foreign direct investment (FDI) equity inflow over the first three quarters of 2018-19 spanning April-Dec was US\$33.5 billion, compared with US\$35.9 billion a year earlier.³
- The nation's foreign direct investment (FDI) equity inflow over 2017-18 spanning April-March was US\$44.9 billion, marking an increase of 3.2 per cent from previous year.⁴
- The top investing nations were - Mauritius, Singapore, Japan, the UK, the Netherlands, the USA, 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, New Delhi, Bengaluru, Chennai, Ahmedabad, Hyderabad, Kolkata, Chandigarh, Kochi and Jaipur.

India's Overseas Direct Investment (ODI)

- Cumulative ODI outflows (2018-19): US\$5.4 billion⁵
- Cumulative ODI (financial commitment): US\$12 billion
- Top ten ODI destination countries: Mauritius, Singapore, the USA, the UK, the Netherlands, the UAE, Switzerland, Cayman Island, Russia, Sri Lanka
- Sectors attracting highest ODI outflows: financial services, manufacturing, agriculture and mining, retail, logistics, community services, construction, energy and water, and others.
- India has jumped 65 spots over last four years to reach 77th ranking on World Bank's Ease of Doing Business 2019 ranking

³ https://dipp.gov.in/sites/default/files/FDI_Factsheet_12March2019.pdf

⁴ http://dipp.nic.in/sites/default/files/FDI_FactSheet_29June2018.pdf

⁵ <https://dea.gov.in/sites/default/files/ODI%20fact%20sheet%20April%202016%20to%20Sep%202018.pdf>

OUTLOOK FOR THE INDIAN ECONOMY

- 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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