



Ministry Of External Affairs  
Government Of India



ECONOMIC  
DIPLOMACY  
& STATES  
DIVISION

# MONTHLY ECONOMIC REPORT

JULY 2019



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# OVERVIEW

India's US\$2.7 trillion economy is estimated to have grown 5 per cent during the first quarter of financial year 2019-20 ended June 2019.<sup>1</sup> The nation recorded an average gross domestic product (GDP) growth of 7.5 per cent over the past five fiscals. The growth of gross value added (GVA) at constant basic prices for the first quarter of 2019-20 is estimated at 4.9 per cent. At sectoral level, growth of agriculture, industry and services sectors is estimated at 2 per cent, 2.7 per cent and 6.9 per cent, respectively, in Q1 2019-20.

Meanwhile, the Index of Industrial Production (IIP) growth during June 2019

was 2 per cent. The value of merchandise exports increased by 2.2 per cent while imports declined by 10.4 per cent in July 2019. India's foreign exchange reserves stood at US\$429.1 billion on August 23, compared to US\$427.7 billion on June 28. The CPI inflation stood at 3.1 per cent in July 2019, compared to 3.2 per cent in June 2019, while WPI inflation declined to 1.1 per cent in July 2019 from 2 per cent in June 2019. The Budget Estimate of the fiscal deficit for 2019-20 has been set at 3.3 per cent of GDP, as compared with 3.4 per cent in 2018-19 (Provisional Actuals).

<sup>1</sup> [https://dea.gov.in/sites/default/files/MER\\_July\\_2019.pdf](https://dea.gov.in/sites/default/files/MER_July_2019.pdf)

## INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on August 16 stood at 10.2 per cent, as compared with a growth of 9.9 per cent a year earlier.
- Growth of aggregate deposits with scheduled commercial banks was 10.2 per cent as on August 16, as compared with 8.3 per cent a year earlier. Bank credit grew by 11.6 per cent, as against 12.9 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 percentage of GDP for 2019-20 has been set at 3.3 per cent, as compared with 3.4 percent in 2018-19.
- The budget estimate for revenue deficit as a percentage of GDP for 2018-19 was 2.3 per cent, as compared with 2.6 per cent in 2017-18 (RE). The revenue deficit for 2019-20 is budgeted to be 2.3 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 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 3.1 per cent in July 2019, as compared with 3.2 per cent in June 2019.
- Food inflation based on Consumer Food Price Index (CFPI) rose to 2.4 per cent in July 2019, from 2.2 per cent in June 2019.
- CPI inflation for fuel and light decreased to (-)0.4 per cent in July 2019 from 2.2 per cent in June 2019.
- **Wholesale Price Index (WPI):** The WPI inflation declined to 1.1 per cent in July 2019 from 2 per cent in June 2019.
- WPI food inflation (food articles + food products) declined to 4.5 per cent in July 2019 from 5 per cent in June 2019, mainly on account of decrease in inflation of pulses, vegetables, eggs, meat and fish and milk.

- Inflation in fuel and power decreased to (-)3.6 per cent in July 2019 from (-)2.2 per cent in June 2019.
- Core inflation (non-food manufactured products) declined to 0.1 per cent in July 2019, as compared to 0.8 per cent in June 2019.

## PERFORMANCE OF THE TOP SECTORS

### Agriculture and Food Management

- **Production of food grains:** As per the 4th Advance Estimates for 2018-19, the total production of foodgrains during 2018-19 is estimated at 285 million tonnes, the same as in 2017-18.
- **Stocks:** The total stocks of rice and wheat held by the Food Corporation of India and State agencies as on August 1 was 76.5 million tonnes, compared with 81.2 million tonnes as on July 1.

### Industry and Infrastructure

#### Index of Industrial Production (IIP)

- IIP registered a growth of 3.6 per cent in April-June 2019, as compared to 5.1 per cent during the April-June 2018. The growth of IIP was 2 per cent in June 2019, as compared to 7 per cent recorded in June 2018.
- The manufacturing sector's growth during April-June 2019 was 3.1 per cent, compared to 5.1 per cent a year earlier.

- IIP of manufacturing sector grew by 1.2 per cent in June 2019, as compared to a growth of 6.9 per cent in June 2018.

#### Eight Core Industries

- In July 2019, the production of eight core industries grew by 2.1 per cent, as compared to a growth of 7.3 per cent recorded in July 2018. Production of eight core industries grew by 3 per cent in April-July 2019 as compared to 5.9 per cent a year earlier.

#### Infrastructure Indicators

- The number of telephone subscribers in India increased from 1183.2 million at end May 2019 to 1186.6 million at end June 2019. The overall tele-density in India was 90.1 at end June 2019; the urban tele-density was 160.8 and rural tele-density was 57.0 at end June 2019.
- The traffic handled at major ports grew by 2 per cent to 236.2 million tonnes in April-June 2019, from 231.5 million tonnes a year earlier.



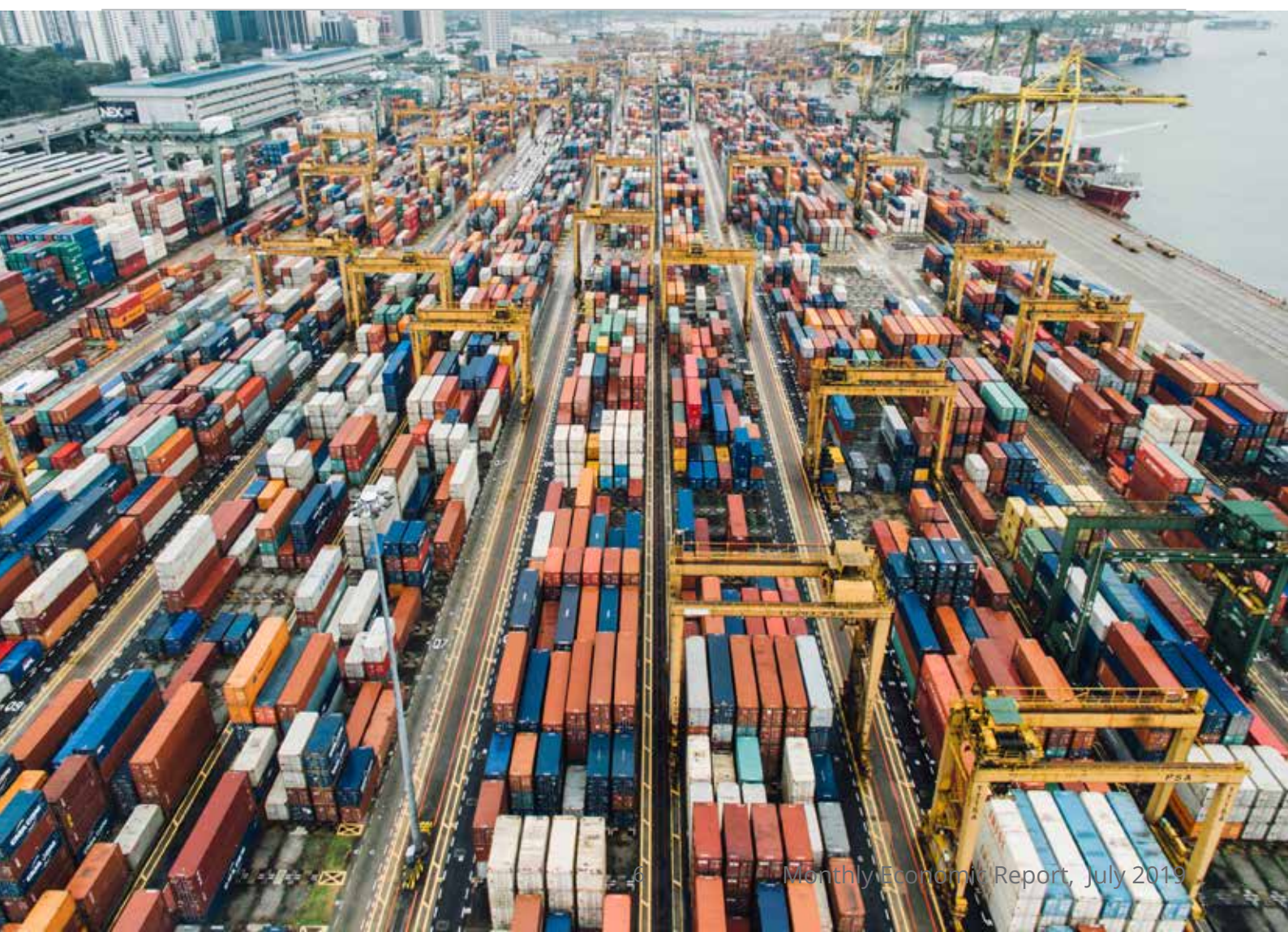


### Production growth (per cent) in Core Infrastructure Supportive Industries

Industry	April-May 2018-19	April-May 2019-20	May 2018	May 2019
Coal	12.1	1.8	9.8	-1.4
Crude oil	-3.2	-6.2	-5.4	-4.4
Natural Gas	-1.1	-0.8	-5.2	-0.5
Refinery Products	8	-2	12.3	-0.9
Fertilizers	3.7	-0.4	1.3	1.5
Steel	3.4	10.9	6.9	6.6
Cement	15	2.7	11.2	7.9
Electricity	5.3	6.4	6.7	4.2
Overall Growth	5.9	3	7.3	2.1

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

- The total installed capacity for electricity generation was 360.5 GW at the end of July 2019, of which the share of thermal, hydro, renewable and nuclear sources was 63.2 per cent, 12.6 per cent, 22.4 per cent and 1.9 per cent, respectively.
- As per the Central Electricity Authority, electricity generation grew by 5.5 percent in July 2019.



# INDIA'S EXTERNAL TRANSACTIONS

**Foreign trade:** India's overall exports (merchandise and services) in April-July 2019-20 are estimated to be US\$181.5 billion, exhibiting a growth of 3.1 per

cent. Overall imports in April-July 2019-20 are estimated to be US\$214.4 billion, exhibiting a drop of 0.5 per cent.<sup>2</sup>

Exports and Imports (US\$ billion)							
Items	2018-19	July		Growth (%)	April-July		Growth (%)
		2018	2019(P)		2018	2019(P)	
Exports	330.1	25.8	26.3	2.2	107.8	107.4	-0.4
Imports	514	44.4	39.8	-10.4	173.1	166.8	-3.6
Oil Imports	140.9	12.3	9.6	-22.1	47.1	44.5	-5.7
Non-Oil imports	373.1	32.1	30.2	-5.9	125.9	122.4	-2.9
Trade Deficit	-184	-18.6	-13.4	-	-65.3	-59.4	-

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

**Balance of Payments:** India's current account deficit (CAD) was 2.1 per cent of GDP (US\$57.2 billion) in 2018-19, as compared with 1.8 percent of GDP (US\$ 48.7 billion) in 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\$429.1 billion as on August 23, compared with US\$427.7 billion on June 28.

- **Exchange rate:** The Indian rupee appreciated against the US dollar, Pound sterling, Euro and Japanese by 0.9 per cent, 2.5 percent, 1.5 per cent and 1.1 percent, respectively, in July 2019 over June 2019.
- **External Debt:** India's external debt stood at US\$543 billion at end-March 2019, as compared with US\$521.2 billion at end-December 2018. Short-term external debt (by original maturity) was US\$108.4 billion at end-March 2019.

<sup>1</sup> <https://pib.gov.in/newsite/PrintRelease.aspx?relid=192642>



# INDIA'S FDI AND ODI

## Foreign Direct Investment into India (FDI)

- The nation's foreign direct investment (FDI) equity inflow over April-June 2019 was US\$16.3 billion, a jump of 28 per cent from the previous year.<sup>3</sup>
- FDI equity inflow in 2018-19 was US\$44.4 billion, compared with US\$44.9 billion a year earlier.<sup>4</sup>
- The top investing nations were - Mauritius, Singapore, Japan, the Netherlands, the UK, 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, Kochi, Chandigarh and Jaipur.

## India's Overseas Direct Investment (ODI)

- Cumulative ODI outflows (2019-20, up to August): US\$3.7 billion<sup>5</sup>
- Cumulative ODI (financial commitment): US\$8.5 billion
- Top ten ODI destination countries: Singapore, the USA, the UK, Russia, Japan, the Netherlands, Denmark, Switzerland, UAE, Mauritius
- Sectors attracting highest ODI outflows: retail and hospitality, financial services, manufacturing, construction, energy and water, construction, agriculture and mining, community services, connectivity projects, and others.

<sup>3</sup> [https://dipp.gov.in/sites/default/files/FDI\\_Factsheet\\_4September2019.pdf](https://dipp.gov.in/sites/default/files/FDI_Factsheet_4September2019.pdf)

<sup>4</sup> [https://dipp.gov.in/sites/default/files/FDI\\_Factsheet\\_27May2019.pdf](https://dipp.gov.in/sites/default/files/FDI_Factsheet_27May2019.pdf)

<sup>5</sup> <https://dea.gov.in/sites/default/files/Overseas%20Direct%20Investment%20Data%20from%20April%202017%20to%20August%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, the 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 the 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 the International Monetary Fund (IMF)
- 7.6 per cent 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

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