



Ministry Of External Affairs  
Government Of India



ECONOMIC  
DIPLOMACY  
& STATES  
DIVISION

# MONTHLY ECONOMIC REPORT

JUNE 2019

# CONTENTS

Overview	3
India's financial markets	4
India's public finance	4
India's Inflation	4
Performance of the top sectors	5
Agriculture and Food Management	
Industry and Infrastructure	
India's external transactions	7
India's FDI and ODI	8
Foreign Direct Investment into India (FDI)	
India's Overseas Direct Investment (ODI)	
Outlook for the Indian economy	9

# OVERVIEW

India's US\$2.7 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. The nation had 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 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, growth 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. Index of Industrial Production (IIP) growth

during May 2019 was 3.1 per cent, and 3.6 per cent during 2018-19. The value of merchandise exports and imports fell by 9.7 per cent and 9.1 per cent, respectively, during June 2019. India's foreign exchange reserves stood at US\$427.7 billion on June 28, compared with US\$426.4 billion as on June 21. The CPI inflation stood at 3.2 per cent in June 2019, compared with 3 per cent in May 2019, while WPI inflation declined to 2 per cent in June 2019 from 2.5 percent in May 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).

## INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on July 5 stood at 10.3 per cent, as compared with a growth rate of 10.2 per cent a year earlier.
- As on July 5, growth of aggregate deposits with scheduled commercial

banks was 10.3 per cent, as compared with 8.4 per cent a year earlier. Bank credit grew by 12 per cent as on July 5, as against 12.7 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 3.3 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 3.2 per cent in June 2019, as compared with 3 per cent in May 2019.
- Food inflation based on Consumer Food Price Index (CFPI) rose to 2.2 per cent in June 2019, from 1.8 per cent in May 2019.
- CPI inflation for fuel and light inflation decreased to 2.3 per cent in June 2019

from 2.5 per cent in May 2019.

- **Wholesale Price Index (WPI):** The WPI inflation declined to 2.0 per cent in June 2019 from 2.5 per cent in May 2019.
- WPI food inflation (food articles + food products) declined marginally to 5.0 per cent in June 2019 from 5.1 per cent in May 2019, mainly on account of decrease in inflation of vegetables and milk.



- Inflation in fuel and power dropped to (-)2.2 per cent in June 2019 from 1 per cent in May 2019.
- Core inflation (non-food manufactured products) declined to 0.8 percent in June 2019, as compared with 1.2 percent in May 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 285 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 July 1 was 81.2 million tonnes, compared with 84.7 million tonnes on May 1.

### Industry and Infrastructure

#### Index of Industrial Production (IIP)

- IIP registered a growth of 3.7 per cent in April-May 2019, as compared with 4.1 per cent during April-May 2018. The growth of IIP was 3.1 per cent in May

2019, as compared with 3.8 per cent recorded in May 2018.

- The manufacturing sector's growth during April-May 2019 was 3.2 per cent, compared with 4.2 per cent a year earlier.
- IIP of manufacturing sector grew by 2.5 per cent in May 2019, as compared with a growth of 3.6 per cent in May 2018.

#### Eight Core Industries

- Production of eight core industries grew by 5.1 per cent in May 2019, as compared with growth of 4.1 per cent a year earlier. Production of eight core infrastructure industries grew by 5.7 per cent in April-May 2019, as compared with 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	13.6	2.5	12	1.8
Crude oil	-1.9	-6.8	-2.9	-6.9
Natural Gas	2	-0.4	-1.4	0
Refinery Products	3.9	1.3	4.9	-1.5
Fertilizers	6.6	-2.6	8.4	-1
Steel	1.4	19.4	-0.1	19.9
Cement	17.3	2.5	13	2.8
Electricity	3.1	6.6	4.1	7.2
Overall Growth	4.4	5.7	4.1	5.1

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

#### Infrastructure Indicators

- The number of telephone subscribers in India marginally declined from 1183.8 million at end April 2019 to 1183.2 million at end May 2019. The overall tele-density in India was 89.9 at end May 2019; the urban tele-density was 160.8 and rural tele-density was 56.7 at end May 2019.
- The traffic handled at major ports grew by 1.5 per cent to 176.8 million tonnes in April-June 2019, from 174.2 million tonnes a year earlier.
- The total installed capacity for electricity generation was 356.8 MW at the end of May 2019, of which the share of thermal, hydro, renewable and nuclear sources was 63.4 per cent, 12.7 per cent, 22.0 per cent and 1.9 per cent, respectively.
- As per the Central Electricity Authority, electricity generation grew by 5.1 percent in May 2019.

## INDIA'S EXTERNAL TRANSACTIONS

**Foreign trade:** India's overall exports (merchandise and services) for April-June 2019-20 are estimated to be US\$81.1 billion, compared with US\$82.5 billion a year earlier. Overall imports for the period are estimated to be US\$127 billion, a drop of 0.3 per cent from a year earlier.<sup>1</sup>

<sup>1</sup> <https://pib.gov.in/newsite/PrintRelease.aspx?relid=191731>

Exports and Imports (US\$ billion)							
Items	2018-19	June		Growth (%)	April-June		Growth (%)
		2018	2019(P)		2018	2019(P)	
Exports	330.1	27.7	25	-9.7	82.5	81.1	-1.7
Imports	514	44.3	40.3	-9.1	127.4	127	-0.3
Oil Imports	140.9	12.7	11	-13.3	34.6	34.9	0.6
Non-Oil imports	373.1	31.6	29.3	-7.3	92.8	92.2	-0.6
Trade Deficit	-184	-16.6	-15.3	-	-44.3	-46	-
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 (Table 6). 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\$427.7 billion on June 28, compared with US\$426.4 billion as on June 21.
- **Exchange rate:** The Indian rupee appreciated against the US dollar and

the Pound sterling by 0.5 per cent and 1.9 per cent, respectively, while depreciated against the Euro and Japanese Yen by 0.5 per cent and 1.3 per cent, respectively, in June 2019 over May 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.





# 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>2</sup>
- FDI equity inflow in 2018-19 was US\$44.4 billion, compared with US\$44.9 billion a year earlier.<sup>3</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>4</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>2</sup> [https://dipp.gov.in/sites/default/files/FDI\\_Factsheet\\_4September2019.pdf](https://dipp.gov.in/sites/default/files/FDI_Factsheet_4September2019.pdf)

<sup>3</sup> [https://dipp.gov.in/sites/default/files/FDI\\_Factsheet\\_27May2019.pdf](https://dipp.gov.in/sites/default/files/FDI_Factsheet_27May2019.pdf)

<sup>4</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
- 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

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

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