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& STATES
DIVISION

MONTHLY ECONOMIC REPORT

MAY 2019

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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. During April 2019, the Index of Industrial Production

(IIP) grew by 3.4 per cent, and by 3.6 per cent during 2018-19. Overall exports and imports grew by 3.9 per cent and 4.3 per cent, respectively, in May 2019. India's foreign exchange reserves stood at US\$426.4 billion as on June 21, compared with US\$419.9 billion at end May 2019. The CPI inflation stood at 3 per cent in May 2019, same as April 2019, while WPI inflation declined to 2.5 per cent in May 2019 from 3.1 per cent in April 2019. The Budget Estimate of the fiscal deficit for 2019-20 has been set at 3.3 percent of GDP, as compared to 3.4 percent in 2018-19 (Revised Estimates).

INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on May 24 stood at 10.3 per cent, as compared with a growth rate of 10.4 per cent a year earlier.
- As on May 24, growth of aggregate deposits with Scheduled Commercial

Banks (SCBs) was 10.1 per cent, as compared with 8.1 per cent a year earlier. Bank credit grew by 12.7 per cent as on May 24, as against 12.8 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).
- 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) remained unchanged at 3 per cent in May 2019 as it was in April 2019.
- Food inflation based on Consumer Food Price Index (CFPI) rose to 1.8 per cent in May 2019, as compared with 1.1 per cent in April 2019.
- CPI inflation for fuel and light inflation decreased to 2.5 per cent in May 2019, as compared with 2.6 per cent in April 2019.
- **Wholesale Price Index (WPI):** The WPI inflation declined to 2.5 per cent in May 2019 from 3.1 per cent in April 2019.
- WPI food inflation (food articles + food products) increased to 5.1 per cent in May 2019 from 4.9 per cent in April 2019 mainly on account of increase in inflation of pulses and sugar.

- Inflation in fuel and power declined to 1.0 percent in May 2019 from 3.8 percent in April 2019.
- Core inflation (non-food manufactured products) declined to 1.2 per cent in May 2019, as compared with 1.9 per cent in April 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 May 1 was 84.7 million tonnes, compared with 64.6 million tonnes in February 1.

Industry and Infrastructure

Index of Industrial Production (IIP)

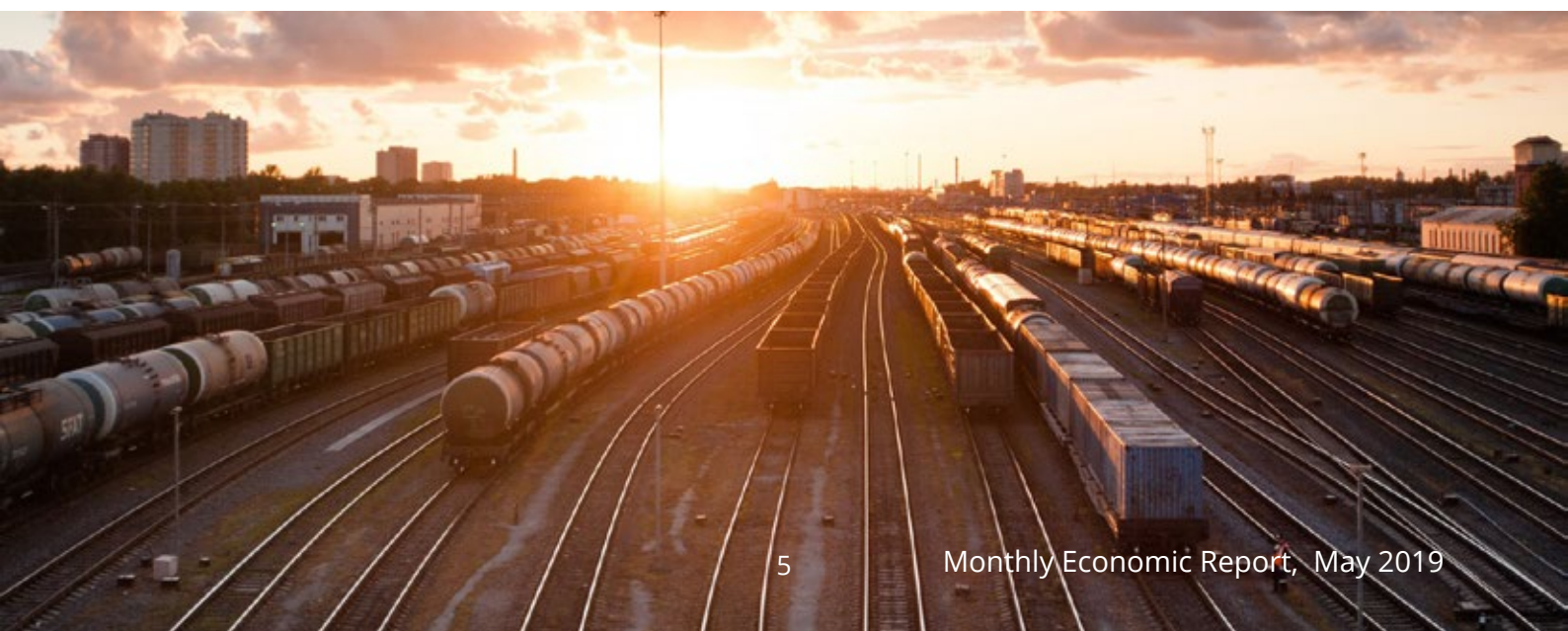
- The general IIP registered a growth of 3.6 per cent during 2018-19, as compared with 4.4 per cent a year earlier. Meanwhile, IIP registered a

growth of 3.4 per cent in April 2019, as compared with 4.5 per cent in April 2018.

- The manufacturing sector's growth during 2018-19 was 3.6 per cent, lower as compared with 4.6 per cent during 2017-18.
- IIP of manufacturing sector grew by 2.8 per cent in April 2019, as compared with 4.9 per cent in April 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 percent 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 increased from 1183.5 million at end March 2019 to 1183.8 million at end April 2019. The overall tele-density in India was 90.1 at end April 2019; the urban tele-density was 160.1 and rural tele-density was 57.3 at end April 2018.
- The traffic handled at major ports grew by 2.5 per cent to 119.3 million tonnes in April-May 2019, from 116.3 million tonnes a year earlier.
- The total installed capacity for electricity generation was 356.8 GW 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-May 2019-20 are estimated to be US\$92.3 billion, following a growth of 4.3 per cent from a year earlier. Overall imports for the period are estimated to be US\$109.8 billion, exhibiting a growth of 5.3 per cent.¹

¹ <http://pib.nic.in/newsite/PrintRelease.aspx?relid=190012>

Exports and Imports (US\$ billion)							
Items	2018-19	April 2018		Growth (%)	April 2019(P)		Growth (%)
		2018	2019(P)		2018	2019(P)	
Exports	330.1	28.9	30	3.9	54.8	56.1	2.4
Imports	514	43.5	45.4	4.3	83.1	86.8	4.4
Oil Imports	140.9	11.5	12.4	8.2	21.9	23.8	8.7
Non-Oil imports	373.1	32	32.9	2.9	61.2	62.9	2.8
Trade Deficit	-184	-14.6	-15.4	-	-28.3	-30.7	-
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\$426.4 billion as on June 21, as compared with US\$419.9 billion in May 2019.
- **Exchange rate:** The Indian rupee depreciated against the US dollar, Euro and Japanese Yen and by 0.5 per cent, 0.02 per cent and 2.0 per cent, respectively, while appreciated against the pound sterling by 1.0 per cent in May 2019 over the previous month of April 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 2018-19 spanning was US\$44.4 billion, compared with US\$44.9 billion a year earlier.
- The top investing nations were - Mauritius, Singapore, Japan, the Netherlands, the UK, the USA, Germany, Cyprus, the United Arab Emirates, France.²
- 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 July): US\$3 billion³
- Cumulative ODI (financial commitment): US\$7 billion
- Top ten ODI destination countries: Singapore, the USA, the UK, Russia, Japan, Denmark, the Netherlands, the UAE, Switzerland, Mauritius
- Sectors attracting highest ODI outflows: retail and hospitality, manufacturing, financial services, construction, energy and water, agriculture and mining, community services, connectivity projects, and others.

² https://dipp.gov.in/sites/default/files/FDI_Factsheet_27May2019.pdf

³ <https://dea.gov.in/sites/default/files/Overseas%20Direct%20Investment%20Data%20from%20April%202017%20to%20July%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, 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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