



Ministry Of External Affairs  
Government Of India



ECONOMIC  
DIPLOMACY  
& STATES  
DIVISION

# MONTHLY ECONOMIC REPORT

NOVEMBER 2019



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# OVERVIEW

India's US\$2.7 trillion economy is estimated to record growth of 5 per cent during the financial year 2019-20 ending March 2020. GDP growth during the second quarter was 4.5 per cent, following 5 per cent growth in the first quarter. The nation recorded an average gross domestic product (GDP) growth of 7.5 per cent over the past five fiscals. The growth of real gross value added (GVA) at constant basic prices for the second quarter of 2019-20 was estimated at 4.3 per cent. At sectoral level, growth of agriculture, industry and services sectors is estimated at 2.1 per cent, 0.5 per cent and 6.8 per cent, respectively, in Q2 2019-20. Meanwhile, the Index of Industrial Production (IIP) growth contracted by

3.8 per cent during October 2019. The value of overall exports (merchandise and services) increased by 1.6 per cent while overall imports declined by 5.3 per cent over April-November 2019-20. India's foreign exchange reserves stood at US\$454.9 billion on December 20, 2019, compared with US\$448.2 billion on November 15, 2019. The CPI inflation stood at 5.5 per cent in November 2019, as compared to 4.6 per cent in October 2019, while WPI inflation rate increased to 0.6 per cent in November 2019 as compared to 0.2 per cent in October 2019. The Budget Estimate of the fiscal deficit for 2019-20 has been set at 3.3 percent of GDP, as compared with 3.4 per cent in 2018-19.





## INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on 22nd November 2019 stood at 9.8 percent, as compared to a growth rate of 10.4 percent a year earlier.
- Growth of aggregate deposits at scheduled commercial banks was 9.7 per cent as on November 22, as compared with 9.4 per cent a year earlier. Bank credit grew by 8 per cent, as against 15.1 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 a 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 to be 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 5.5 per cent in November 2019 as compared to 4.6 per cent in October 2019.
- Food inflation based on Consumer Food Price Index (CFPI) increased to 10.0 per cent in November 2019 as compared to 7.9 per cent in October 2019, mainly due to increase in inflation of cereals and products, milk and products, oils and fats, vegetables, pulses & products, spices, sugar and confectionery.
- CPI inflation for fuel and light stood at (-)1.9 per cent in November 2019 as compared (-)2.0 per cent in October 2019.
- CPIC inflation was 3.7 per cent in April – November 2019, as compared to 3.9 per cent in April – November 2018.
- **Wholesale Price Index (WPI):** The WPI inflation rate increased to 0.6 per cent in November 2019, as compared to 0.2 per cent in October 2019.

- WPI food inflation (food articles + food products) increased to 9.0 per cent in November 2019 from 7.6 per cent in October 2019, mainly on account of increase in inflation of pulses, vegetables, milk and egg, meat & fish.
- Inflation in fuel & power stood at (-)7.3 percent in November 2019 as compared to (-)8.3 percent in October 2019.
- Core inflation (non-food manufactured products) stood at (-) 1.9 percent in November 2019, as compared to (-) 1.7 percent in October 2019.

## PERFORMANCE OF THE TOP SECTORS

### Agriculture and Food Management

- **Production of food grains:** As per the first advance estimate for 2019-20, the total production of kharif foodgrains is estimated at 140.6 million tonnes
- 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 the state agencies as on December 1, 2019, was 73.9 million tonnes, compared with was 73.7 million tonnes on November 1.

### Industry and Infrastructure

#### Index of Industrial Production (IIP)

- IIP registered a growth of 0.5 per cent in April-October 2019, as compared to 5.7 per cent during April-October 2018.

- The growth of IIP contracted by 3.8 per cent in October 2019, as compared to a growth of 8.4 per cent recorded in October 2018.
- The manufacturing sector's growth during April-October 2019 was 0.5 per cent, lower as compared to 5.8 per cent a year earlier.
- IIP of manufacturing sector declined by 2.1 per cent in October 2019, as compared to a growth of 8.2 per cent in October 2018.

#### Eight Core Industries

- In November 2019, the production of eight core industries declined by 1.5 per cent, as compared to a growth of 3.3 per cent recorded in November 2018. Production of eight core industries remains stagnant in April-November 2019 as compared to a growth of 5.1 per cent a year earlier.

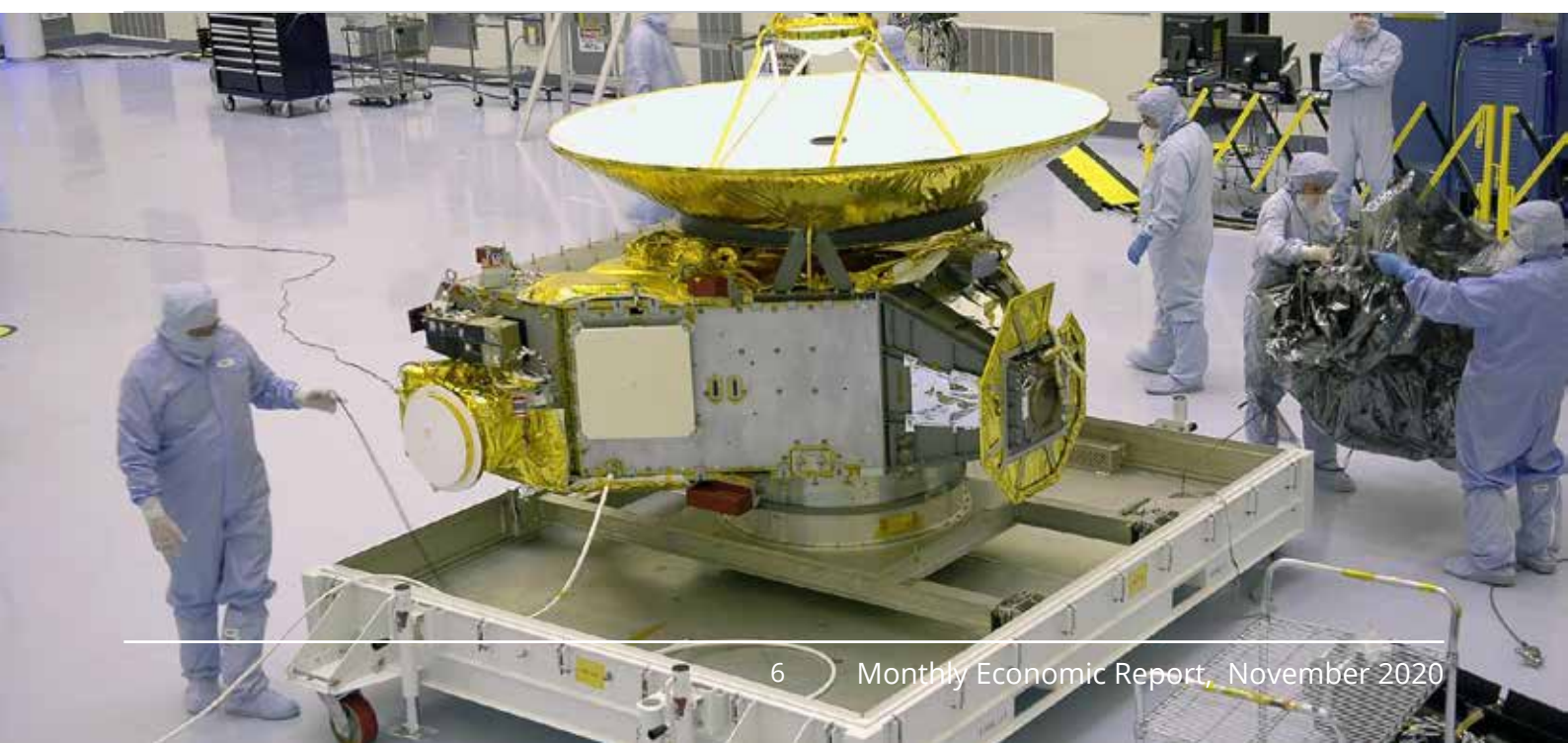
### Production growth (per cent) in Core Infrastructure Supportive Industries

Industry	April-May 2018-19	April-May 2019-20	May 2018	May 2019
Coal	9.9	-5.8	11.3	-17.6
Crude oil	-3.6	-5.8	-5	-5.1
Natural Gas	-0.8	-2.6	-0.9	-5.7
Refinery Products	5.8	-1.7	1.3	0.4
Fertilizers	-0.3	2.6	-11.5	11.8
Steel	3.3	6.7	2.4	-1.6
Cement	15	-0.6	18.4	-7.7
Electricity	6.8	1.5	10.9	-12.4
Overall Growth	5.4	0.2	4.8	-5.8

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

### Infrastructure Indicators

- The number of telephone subscribers in India increased from 1195.2 million in September 2019 to 1204.9 million in October 2019. The overall tele-density in India was 91.2 in October 2019; the urban tele-density was 161.3 and rural tele-density was 58.2 in October 2019.
- The traffic handled at major ports grew by 0.3 percent to 463.1 million tonnes in April-November 2019, from 461.5 million tonnes a year earlier.
- The total installed capacity for electricity generation was 364.2 GW at the end of October 2019, of which the share of thermal, hydro, renewable and nuclear sources was 63.0 per cent, 12.5 per cent, 22.7 per cent and 1.9 per cent, respectively.
- As per the Central Electricity Authority, electricity generation fell by 12.9 per cent in October 2019 (YoY basis).



# INDIA'S EXTERNAL TRANSACTIONS

**Foreign trade:** India's overall exports (Merchandise and Services combined) in April-November 2019-20 was estimated to be US\$354 billion, exhibiting a growth

of 1.6 per cent from a year earlier. Overall imports in April-November 2019-20 are estimated to be US\$408 billion, exhibiting a decline of 5.3 per cent.

Exports and Imports (US\$ billion)							
Items	2018-19	August		Growth (%)	April-August		Growth (%)
		2018	2019(P)		2018	2019(P)	
Exports	330.1	26.7	26.4	-1.1	190.2	186	-2.2
Imports	514.1	44.7	37.4	-16.3	306.3	280.7	-8.4
Oil Imports	140.9	14.1	9.6	-31.7	84.2	73.9	-12.2
Non-Oil imports	373.2	30.6	27.8	-9.2	222.1	206.7	-6.9
Trade Deficit	-184	-18	-11	-	-116.2	-94.7	-
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\$454.9 billion as on December 20, 2019, compared with US\$448.2 billion on November 15, 2019.

- **Exchange rate:** The Indian rupee appreciated against the US dollar and Pound sterling by 0.3 per cent and 1.9 per cent, respectively, during November 2019 as compared to October 2019. However it depreciated against Euro and Japanese Yen by 0.7 per cent and 0.9 per cent, respectively.
- **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.





# INDIA'S FDI AND ODI

## Foreign Direct Investment into India (FDI)

- The nation's foreign direct investment (FDI) equity inflow over April-September 2019 was US\$26.1 billion, a jump of 15 per cent from the previous year.<sup>1</sup>
- FDI equity inflow in 2018-19 was US\$44.4 billion, compared with US\$44.9 billion a year earlier.<sup>2</sup>
- 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, infrastructure development, trading, automobile, chemicals, pharmaceuticals, construction, and power.
- The top regions receiving foreign investments - Mumbai, Delhi, Bengaluru, Chennai, Ahmedabad, Hyderabad, Kolkata, Chandigarh, Kochi and Jaipur.

## India's Overseas Direct Investment (ODI)

- Cumulative ODI outflow (2019-20, up to November 30): US\$6.9 billion<sup>3</sup>
- 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.

<sup>1</sup> [https://dipp.gov.in/sites/default/files/FDI\\_Factsheet\\_September2019\\_01January2019.pdf](https://dipp.gov.in/sites/default/files/FDI_Factsheet_September2019_01January2019.pdf)

<sup>2</sup> [https://dipp.gov.in/sites/default/files/FDI\\_Factsheet\\_27May2019.pdf](https://dipp.gov.in/sites/default/files/FDI_Factsheet_27May2019.pdf)

<sup>3</sup> <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 Cabinet Committee on Economic Affairs (CCEA) approved to increase the authorized capital of Food Corporation of India (FCI) from existing Rs.35 billion to Rs.100 billion.
- The CCEA accorded 'In-principle' approval for strategic disinvestment in of Bharat Petroleum Corporation Ltd. (BPCL), Shipping Corporation of India Ltd. (SCI), Container Corporation of India Ltd. (CONCOR), Tehri Hydro Development Corporation India Limited (THDCIL), North Eastern Electric Power Corporation Limited (NEEPCO).
- The Union Cabinet approved the signing of the Double Taxation Avoidance Agreement (DTAA) and Protocol between India and Chile for the elimination of double taxation and the prevention of fiscal evasion and avoidance with respect to taxes on income.
- The Union Cabinet approved the signing of the Protocol amending the Convention between India and Brazil for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.
- The Union Cabinet approved the 15th Finance Commission to submit first report for the first fiscal year viz. 2020-21 and to extend the tenure of XV-FC to provide for the presentation of the final report covering FYs 2021-22 to 2025-26 by October 30, 2020.
- The Union Cabinet has approved the proposal for introducing the Taxation Laws (Amendment) Bill, 2019 in order to replace the Ordinance.
- The Union Cabinet has approved the proposal for mitigating financial stress being faced by the telecom services sector.
- The Union Cabinet approved the introduction of the Industrial Relations Code, 2019, in the Parliament.
- The Union Cabinet approved the establishment of a 'Special Window' fund to provide priority debt financing for the completion of stalled housing projects that are in the affordable and middle income housing sector.

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For more information: Ministry of Finance, Department of Economic Affairs  
[MONTHLY ECONOMIC REPORT NOVEMBER 2019](#)