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& STATES
DIVISION

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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 4.3 per cent during September 2019. The value of overall exports (merchandise and services) increased by 1.5 per cent while overall imports declined by 4.6 per cent over April-October 2019-20. India's foreign exchange reserves stood at US\$448.2 billion on November 15, 2019, compared with US\$439.7 billion on October 11. The CPI inflation stood at 4.6 percent in October 2019, compared with 3.99 per cent in September 2019, while WPI inflation rate declined to 0.2 per cent in October 2019, as compared to 0.3 per cent in September 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 October 25 stood at 10.6 per cent, as compared with a growth rate of 10.0 per cent a year earlier.
- Growth of aggregate deposits at scheduled commercial banks was 10.3 per cent as on October 25, as compared with 9 per cent a year earlier. Bank credit grew by 8.9 per cent, as against 14.6 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 4.6 per cent in October 2019 as compared to 4 per cent in September 2019.
- Food inflation based on Consumer Food Price Index (CFPI) increased to 7.9 per cent in October 2019 as compared to 5.1 per cent in September 2019, mainly due to increase in inflation of cereals and products, egg, milk and products, oils and fats, fruits, vegetables, pulses & products, spices, sugar and confectionery.
- CPI inflation for fuel and light stood at (-)2.0 per cent in October 2019 as compared (-) 2.2 per cent in September 2019.
- CPIC inflation was 3.5 per cent in April-October 2019, as compared with 4.2 per cent in April – October 2018.
- **Wholesale Price Index (WPI):** The WPI inflation rate declined to 0.2 percent in October 2019, as compared with 0.3 percent in September 2019.

- WPI food inflation (food articles + food products) increased to 7.7 percent in October 2019 from 6.0 percent in September 2019, mainly on account of increase in inflation of vegetables and egg, meat & fish.
- Inflation in fuel & power stood at (-) 8.3 percent in October 2019 as compared to (-) 7.1 percent in September 2019.
- Core inflation (non-food manufactured products) stood at (-) 1.7 percent in October 2019, as compared to (-) 1.1 percent in September 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 November 1, 2019, was 73.7 million tonnes, compared with was 77.6 million tonnes on September 1.
- The growth of IIP contracted by 4.3 per cent in September 2019, as compared to a growth of 4.6 per cent recorded in September 2018.
- The manufacturing sector's growth during April-September 2019 was 1 per cent, lower as compared to 5.4 per cent a year earlier.
- IIP of manufacturing sector declined by 3.9 percent in September 2019, as compared to a growth of 4.8 percent in September 2018.

Eight Core Industries

- In October 2019, the production of eight core industries declined by 5.8 per cent, as compared with a growth of 4.8 per cent recorded in October 2018. Production of eight core industries grew by 0.2 per cent in April-October 2019 as compared with 5.4 per cent in the corresponding period of previous year.

Industry and Infrastructure

Index of Industrial Production (IIP)

- IIP registered a growth of 1.3 per cent in April-September 2019, as compared to 5.2 per cent during April-September 2018.

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 1191.8 million in August 2019 to 1195.2 million in September 2019. The overall tele-density in India was 90.5 in September 2019; the urban tele-density was 160.3 and rural tele-density was 57.6 in September 2019.
- The traffic handled at major ports grew by 0.4 per cent to 405.4 million tonnes in April-October 2019, from 403.6 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-October 2019-20 was estimated at US\$310.2 billion, exhibiting a growth of 1.5 per cent from a year earlier. Overall

imports in April-October 2019-20 was estimated at US\$359.7 billion, exhibiting a decline of 4.6 per cent over the same period last year.

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 2.0 per cent of GDP (US\$14.3 billion) in Q1 of 2019-20, as compared to 2.3 per cent of GDP (US\$ 15.8 billion) in Q1 of 2018-19. The contraction of the CAD in Q1 of 2019-20 was mainly on account of higher invisible receipts.

- **Foreign Exchange Reserves:** India's foreign exchange reserves stood at US\$448.2 billion as on November 15, 2019, compared with US\$439.7 billion as on October 11.

- **Exchange rate:** The Indian rupee appreciated against the US dollar, Euro and Japanese Yen by 0.4 per cent, 0.1 per cent and 1.0 per cent, respectively, during October, 2019 as compared with September, 2019. However it depreciated against Pound sterling by 1.8 per cent.
- **External Debt:** India's external debt stood at US\$557 billion at end-June 2019, recording an increase of 2.6 per cent over the level at end-March 2019. Short-term external debt (by original maturity) was US\$109.7 billion at end-June 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.¹
- FDI equity inflow in 2018-19 was US\$44.4 billion, compared with US\$44.9 billion a year earlier.²
- 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 October 31): US\$6.1 billion³
- Cumulative ODI (financial commitment): US\$14.4 billion
- Top ten ODI destination countries: Singapore, the USA, the UK, Japan, the Netherlands, Russia, Switzerland, Mauritius, UAE, British Virgin Islands
- Sectors attracting highest ODI outflows: financial services, manufacturing, retail and hospitality, construction, energy and water, agriculture and mining, community services, connectivity projects, and others.

¹ https://dipp.gov.in/sites/default/files/FDI_Factsheet_September2019_01January2019.pdf

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

³ <https://dea.gov.in/sites/default/files/ODI%20Fact%20sheet%20October%202019.pdf>



MAJOR ECONOMIC DECISIONS IN SEPTEMBER 2019

- The Cabinet Committee on Economic Affairs (CCEA) approved an increase in the minimum support prices (MSPs) for all mandated Rabi crops of 2019-20 to be marketed in Rabi marketing season (RMS) 2020-21.
- The CCEA has approved the review of guidelines for granting authorization to market transportation fuels. This marks a major reform of the guidelines for marketing of petrol and diesel.
- The Union Cabinet approved the proposal for revival of BSNL and MTNL by administrative allotment of spectrum for 4G services, debt restructuring by raising of bonds with sovereign guarantee, reducing employee costs, monetisation of assets and in-principle approval of merger of BSNL & MTNL.
- The Union Cabinet approved the Inclusion of 5,300 displaced persons (DP) families of Jammu & Kashmir-1947 who initially opted to move outside the State of Jammu & Kashmir but later on returned and settled in the State of Jammu & Kashmir, in the Rehabilitation Package approved by the Cabinet on 30.11.2016 for Displaced Families of PoJK and Chhamb under the PM's Development Package 2015 for Jammu & Kashmir.

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